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Poverty Profile 1992

A Report by the
National Council of Welfare



Spring 1994

Canada

POVERTY PROFILE 1992

**A Report by the
National Council of Welfare**

Spring 1994


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TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTION	1
METHODOLOGY AND DEFINITIONS	2
RECENT POVERTY TRENDS	6
Poverty Trends for Individual Canadians	6
Poverty Trends for Families and Unattached Individuals	11
VIEW FROM THE PROVINCES	17
SNAPSHOTS OF POVERTY IN 1992	29
Family Type	29
Additional Differences by Age, Sex and Family Type	31
Work Activity	33
Number and Age of Children	35
Education	37
Homeowners and Renters	40
Year of Immigration	42
Area of Residence	43
DEPTH OF POVERTY, THE POVERTY GAP AND NEAR POVERTY	44
POOR CANADIANS AND THEIR SOURCES OF INCOME	49
A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST	57
The Working Poor	57
Children	60
Women	69
Seniors	72
FOOTNOTES	74
APPENDIX	75



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INTRODUCTION

Poverty Profile 1992 is the latest in a series of reports by the National Council of Welfare on poverty in Canada. It includes both national and provincial statistics for 1992 and trends dating back as far as 1980.

Like its predecessors, this report is an analysis of factual material collected by Statistics Canada. It shows which groups of Canadians were poor at a given point in time. However, it does not dwell on the causes of their poverty, and it makes no specific proposals for fighting poverty. Detailed recommendations can be found in other reports by the National Council of Welfare, including Welfare in Canada: The Tangled Safety Net, Women and Poverty Revisited, Pension Reform and Fighting Child Poverty.

Poverty Profile 1992 contains detailed information on poverty by family type, sex, age, education and a host of other variables. It has data on the depth of poverty - that is, how far the incomes of poor people fall beneath the poverty line. There is information about the average incomes of poor people and their main sources of income. One chapter focuses on four groups of special concern: the "working poor," children, women and seniors.

The National Council of Welfare hopes this report will shed additional light on a subject that should be close to the hearts of Canadians. One out of every six Canadians was poor at last count, and many more have personal knowledge of poverty because of the financial hardships facing friends, neighbours or relatives who are poor - usually for reasons well beyond their control.

METHODOLOGY AND DEFINITIONS

Every year, Statistics Canada conducts a household survey known as the Survey of Consumer Finances to obtain information on the distribution of income and the nature and extent of poverty in Canada. The survey on which this report is based, conducted in April of 1993, sampled 37,493 private households from all parts of the country except for Yukon, the Northwest Territories, Indian reserves, and institutions such as prisons, mental hospitals, and homes for the elderly. The study looked at incomes for the 1992 calendar year.

The results of the survey were published by Statistics Canada under the title Income Distributions by Size in Canada, 1992. That publication and a companion booklet entitled Low Income Persons, 1980-1990 are major sources for this report. Statistics Canada also provided previously unpublished data to the National Council of Welfare. We are grateful for the assistance provided by officials of the bureau, especially Kevin Bishop and Edith Lamoureux of the Income and Housing Surveys Section. The analysis and interpretation of the data, however, is the responsibility of the National Council of Welfare, not Statistics Canada.

Information about poverty is obtained by comparing the survey data with the low income cut-offs of Statistics Canada. The cut-offs represent levels of gross income where people spend disproportionate amounts of money for food, shelter and clothing. The bureau has decided over the years - somewhat arbitrarily - that 20 percentage points is a reasonable measure of the additional burden. The average Canadian family spent 36.2 percent of gross income on food, shelter and clothing according to 1986 data on spending patterns, so it was assumed that low-income Canadians spent 56.2 percent or more on the necessities of life.

The low income cut-offs vary by the size of the family unit and the population of the area of residence. There are seven categories of family size, from one person to seven or more persons, and five community sizes ranging from rural areas to cities with 500,000 or more residents. The result is a set of 35 cut-offs. The cut-offs are updated annually by Statistics Canada using the Consumer Price Index.

The cut-offs used in this report for the year 1992 are technically known as the 1986 base cut-offs, because of the year in which spending on food, shelter and clothing was surveyed. The

entire set of 35 cut-offs for 1992 appears below as Table 1. Comparable cut-offs for 1993 and the National Council of Welfare's estimates of the cut-offs for 1994 appear in the appendix of this report.

TABLE 1

STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1992

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	\$ 15,175	\$ 13,328	\$ 13,021	\$ 11,870	\$ 10,331
2	20,569	18,068	17,650	16,089	14,005
3	26,146	22,965	22,434	20,450	17,801
4	30,105	26,439	25,830	23,547	20,494
5	32,891	28,888	28,221	25,726	22,392
6	35,703	31,355	30,632	27,924	24,305
7+	38,399	33,727	32,949	30,036	26,142

Over the years, Statistics Canada has published several other sets of low income cut-offs, and the bureau started using 1992 base cut-offs as its preferred measure in Income Distributions by Size in Canada, 1992. Readers are cautioned that the poverty statistics in this report using the 1986 base cut-offs differ slightly from reports using the 1992 base cut-offs.¹

For the time being, the National Council of Welfare plans to continue using the 1986 base cut-offs. Other recent reports published by the Council use the 1986 base cut-offs, and a switch in base years could be confusing to readers.

The National Council of Welfare, like many other social policy groups, regards the low income cut-offs as poverty lines and uses the term poor and low-income interchangeably. Statistics Canada takes pains to avoid references to poverty. It says the cut-offs have no official status, and it does not promote their use as poverty lines.

Regardless of the terminology, the cut-offs are a useful tool for defining and analyzing the significantly large portion of the Canadian population with low incomes. They are not the only measures of poverty used in Canada, but they are the most widely accepted and are roughly comparable to most alternative measures.

Poverty statistics are often broken down according to families and unattached individuals. The survey which gathered the data defined a family as "a group of individuals sharing a common dwelling unit and related by blood, marriage or adoption." Most of the data in this report is expressed in terms of families rather than the number of people in family units. An unattached individual is defined as a "person living alone or in a household where he/she is not related to other household members."

A poor or low-income family has an income below the poverty line, while a "non-poor" family has an income above the poverty line. The same applies for unattached individuals.

Poverty rates compare the number of poor persons, families or unattached individuals in a particular category to all the persons, families or unattached individuals in the same category. For example, there were an estimated 303,000 poor families with children under 18 headed by a female single parent under age 65 in 1992. The estimated total number of families with children under 18 headed by a female single parent under 65 was 520,000. The poverty rate was 303,000 divided by 520,000 or 58.4 percent.

Sometimes, the terms incidence of poverty or risk of poverty are used instead of the poverty rate. The meaning of all three terms is the same.

Income refers to money income reported by all family members 15 years or older and includes gross wages and salaries, net income from self-employment, investment income, government transfer payments (for example, family allowances, the child tax credit, old age security, and provincial tax credits), pensions, and miscellaneous income (scholarships and child

support payments, for example). The definition of income excludes gambling wins or losses, capital gains or losses, receipts from the sale of property or personal belongings, income tax refunds, loans received or repaid, lump sum settlements of insurance policies, and income in kind.

Some sections of this report refer to earnings rather than income. Earnings means gross wages and salaries and net income from self-employment.

RECENT POVERTY TRENDS

Fall-out from the recession of 1990-1991 was the dominant influence on the poverty statistics for 1992. Unemployment rates were up to levels not seen since the years immediately following the recession of 1981-1982, and the increase in unemployment led directly to an increase in poverty in 1992 for many groups of Canadians in the labour force and their dependents. With high unemployment rates continuing, the 1993 poverty statistics for people under age 65 are unlikely to be any better.

As in previous years, the good news is the continuing decline in poverty among seniors. Many poverty rates for different groups of people 65 and older hit record lows in 1992. The main reason for the drop in poverty among the elderly is government pension programs that were created a generation ago - notably the federal government's old age security pension and guaranteed income supplement and the Canada and Quebec Pension Plans.

This chapter shows major national trends in poverty from 1980 to 1992 using two types of measures. One looks at Canadians as individuals, the other as members of families or as unattached people living outside families.

Poverty Trends for Individual Canadians

One type of poverty statistics published by Statistics Canada gives the number of poor people and the poverty rates for people as individuals, as in Table 2 on the next page. In 1980, the number of people living in poverty was just over 3.6 million and the poverty rate was 15.3 percent. Both the number of poor people and the poverty rate rose following the recession of 1981-1982, declined slowly through 1989, and started rising again in 1990. By 1992, the number of poor people in Canada was more than 4.3 million and the poverty rate was 16.1 percent.

TABLE 2
POVERTY TRENDS, ALL PERSONS

	Number of Persons Living in Poverty	Poverty Rate
1980	3,624,000	15.3%
1981	3,643,000	15.3%
1982	3,951,000	16.4%
1983	4,406,000	18.2%
1984	4,397,000	18.1%
1985	4,170,000	17.0%
1986	3,976,000	16.0%
1987	3,912,000	15.6%
1988	3,744,000	14.8%
1989	3,487,000	13.6%
1990	3,821,000	14.6%
1991	4,227,000	16.0%
1992	4,320,000	16.1%

Many of the other poverty statistics followed the same general pattern as the figures for all persons. Child poverty, for example, increased in the early 1980s, as shown in Table 3 on the next page. In the peak year of 1984, well over 1.2 million children under the age of 18 were living in poverty and the poverty rate was 19.6 percent. The number of poor children and the poverty rate declined through 1989, then started to rebound. In 1992, the number of poor children was more than 1.2 million and the poverty rate was 18.2 percent.

Additional information on child poverty by family type and provincial child poverty statistics appear later in this report.

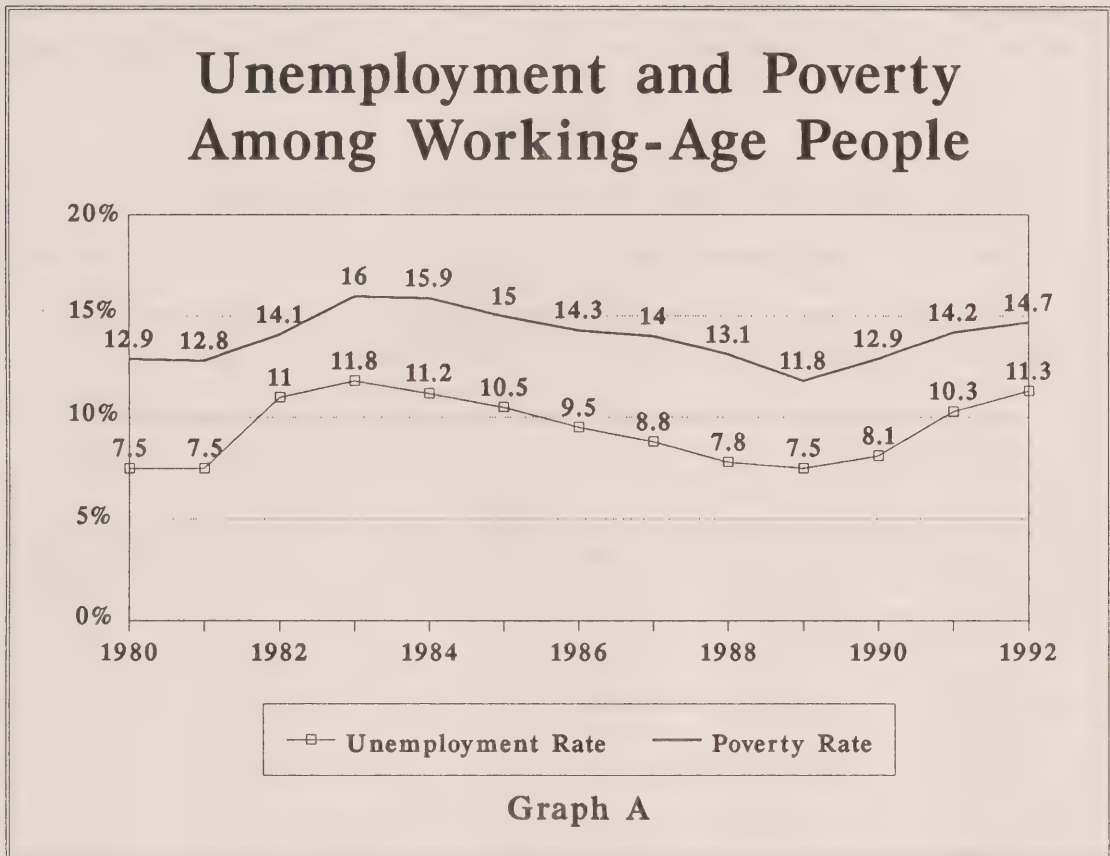
TABLE 3
POVERTY TRENDS, CHILDREN UNDER 18

	Number of Children Under 18 Living in Poverty	Poverty Rate
1980	984,000	14.9%
1981	998,000	15.2%
1982	1,155,000	17.8%
1983	1,221,000	19.0%
1984	1,253,000	19.6%
1985	1,165,000	18.3%
1986	1,086,000	17.0%
1987	1,057,000	16.6%
1988	987,000	15.4%
1989	934,000	14.5%
1990	1,105,000	16.9%
1991	1,210,000	18.3%
1992	1,218,000	18.2%

Children are poor because their parents are poor, and one of the main reasons for poverty among parents is a lack of good jobs. It should come as no surprise that the poverty rates for adults under age 65 tend to move up and down in line with changes in the unemployment rate.

Graph A plots the average annual unemployment rate for people 15 and older against the poverty rate for people ages 18 to 65, the group most likely to be in the labour force. As the percentage of unemployed people in the work force rose and fell, so did the percentage of adults under 65 living in poverty. In 1980, the unemployment rate was 7.5 percent and the poverty

rate for people 18 to 65 was 12.9 percent. In 1992, the unemployment rate was 11.3 percent and the poverty rate was 14.7 percent.



One group that is largely immune from high unemployment rates is seniors, because most of them are not in the labour force. The poverty rates for people 65 and older are more a reflection of the health of public and private pension programs than the health of the economy.

Pensions have improved tremendously during the last generation, and this is reflected in poverty rates and numbers for the elderly that have fallen more or less steadily since the first poverty statistics were published in Canada in 1969. Most of the improvements made in pension plans within the last decade were small. Nonetheless, the pension system continued to mature. Many of the people who retired in recent years were contributors to the Canada and Quebec

Pension Plans from the beginning of the plans in 1966 and retired with more pension income than the previous generation of seniors. Some seniors were lucky enough to have income from occupational pension plans connected with their former places of work.

TABLE 4
POVERTY TRENDS, PEOPLE 65 AND OLDER

	Number of Seniors Living in Poverty	Poverty Rate
1980	731,000	33.6%
1981	733,000	33.0%
1982	648,000	28.5%
1983	719,000	30.9%
1984	669,000	27.9%
1985	669,000	27.0%
1986	637,000	24.9%
1987	627,000	23.8%
1988	634,000	23.4%
1989	599,000	21.4%
1990	554,000	19.3%
1991	590,000	20.0%
1992	564,000	18.6%

Overall, the number of seniors living in poverty declined from 731,000 to 564,000 between 1980 and 1992, and the poverty rate fell from 33.6 percent to a record low 18.6 percent. Unattached seniors, especially widows, still face a very high risk of poverty, however.

Poverty Trends for Families and Unattached Individuals

While the poverty statistics for persons give a good overview of poverty, it is often more revealing to look at poor people in terms of families or unattached individuals, as in Table 5. Throughout the period 1980 to 1992, the poverty rates for unattached people were roughly three times higher than the rates for families.

<p>TABLE 5</p> <p><u>POVERTY TRENDS, FAMILIES AND UNATTACHED INDIVIDUALS</u></p>				
	Families		Unattached Individuals	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate
1980	830,000	13.2%	1,013,000	41.4%
1981	832,000	13.0%	1,010,000	40.3%
1982	905,000	14.0%	1,034,000	40.2%
1983	1,007,000	15.3%	1,183,000	44.9%
1984	1,032,000	15.6%	1,118,000	41.3%
1985	963,000	14.3%	1,136,000	40.8%
1986	924,000	13.6%	1,112,000	38.3%
1987	895,000	13.1%	1,137,000	37.5%
1988	851,000	12.2%	1,172,000	37.7%
1989	786,000	11.1%	1,100,000	34.4%
1990	874,000	12.1%	1,123,000	34.1%
1991	949,000	13.1%	1,258,000	36.5%
1992	991,000	13.3%	1,247,000	36.2%

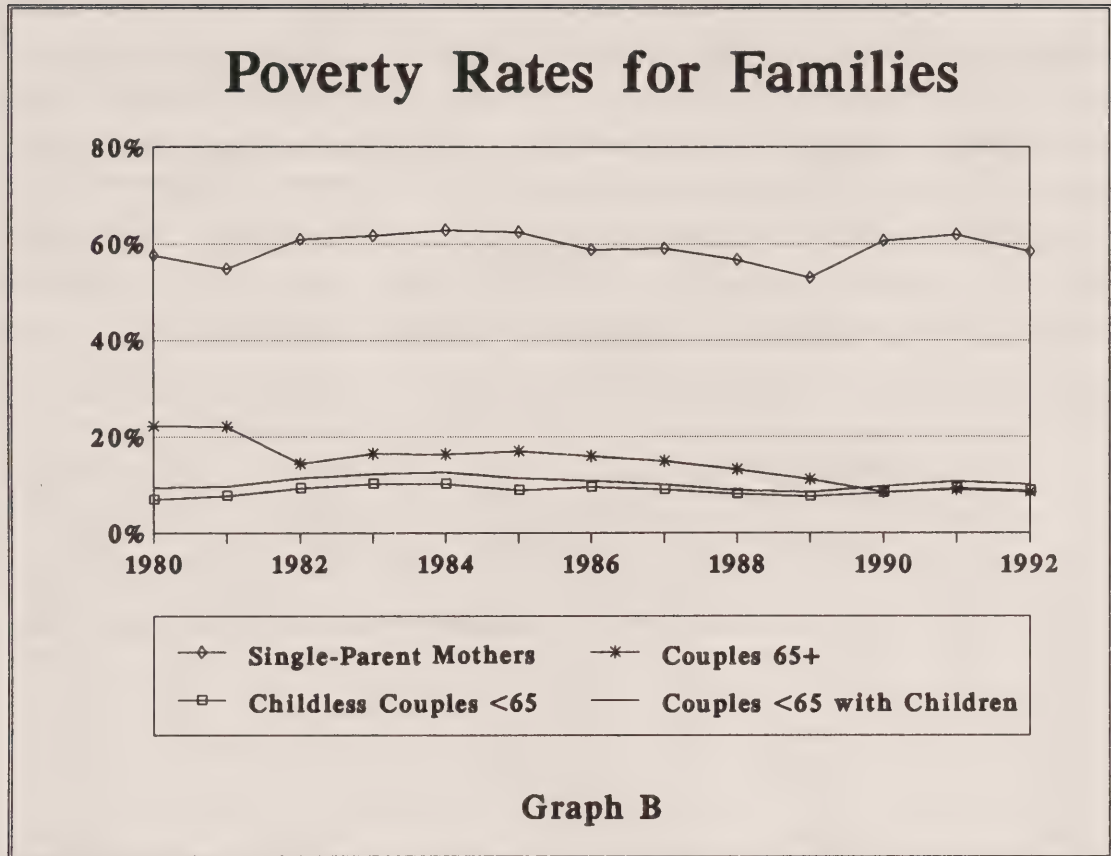
The number of poor families and the poverty rate went up in the aftermath of the recession of 1981-1982, declined through 1989 and started rising again in 1990 as Canada entered another recession. The figures for unattached individuals followed much the same pattern, but declined a bit in 1992.

One reason that families have poverty rates that are consistently much lower than unattached individuals is they often have a second family member in the labour force. The percentage of younger married couples with both spouses in the work force has grown dramatically during the last generation, and two-earner couples now far outnumber one-earner couples. Many older families are couples where both spouses had careers outside the home and where both get pension benefits aside from the federal government's old age security pension.

An even better view of poverty comes by breaking down families and unattached individuals into their major subcategories - which we call family types for want of a better term. The four subcategories of families are married couples where the head of the family is 65 or older; married couples under 65 with children under 18; married couples under 65 without children under 18; and single-parent mothers under 65 with children under 18. Altogether, these four subcategories accounted for 81 percent of all poor families in 1992. The other 19 percent was made up of less common family types, such as married couples living with children who were all 18 or older, single-parent fathers and their children, and brothers and sisters who lived together. The four subcategories of unattached individuals are unattached men under 65, unattached men 65 and older, unattached women under 65, and unattached women 65 and older. These four subcategories account for 100 percent of unattached individuals.

The importance of a second wage-earner or second source of pension income becomes obvious from the poverty statistics for the four subcategories of families in Graph B. The poverty rates for married couples were all low, regardless of the age of the spouses or the presence of children at home. The poverty rates for families led by single-parent mothers were incredibly high.

The actual poverty rates for each year from 1980 to 1992 for the four types of families are given in Table 6.



The rates for single-parent mothers were high without exception throughout the period. The highest rate was 62.8 percent in 1984, and the lowest was 52.9 percent in 1989. By way of comparison, single-parent fathers under 65 with children under 18 had a poverty rate of 21.5 percent in 1992. The highest rate for single-parent fathers during the entire period was 28.5 percent in 1983, and the lowest was 18 percent in 1987.

Married couples with the head of the family 65 or older saw their poverty rates decline throughout the period. The rate of 8.5 percent in 1992 tied the record low of 1990.

Couples where the head of the family was under age 65 experienced ups and downs in poverty rates that corresponded with the ups and downs in the economy. The rates were

relatively low for couples with children under 18 and couples without children, although the rates for childless couples were consistently a bit lower.

TABLE 6
POVERTY RATES FOR FAMILIES, 1980-1992

	Single-Parent Mothers under 65 with Children under 18	Couples 65 and Older	Couples under 65 without Children	Couples under 65 with Children under 18
1980	57.7%	22.2%	6.9%	9.4%
1981	54.8%	22.1%	7.7%	9.7%
1982	60.9%	14.4%	9.2%	11.3%
1983	61.7%	16.4%	10.2%	12.3%
1984	62.8%	16.3%	10.2%	12.6%
1985	62.5%	16.9%	8.9%	11.3%
1986	58.8%	15.9%	9.5%	10.8%
1987	59.0%	14.9%	9.0%	10.1%
1988	56.7%	13.2%	8.1%	8.9%
1989	52.9%	11.1%	7.6%	8.5%
1990	60.6%	8.5%	8.3%	9.6%
1991	61.9%	9.0%	9.3%	10.7%
1992	58.4%	8.5%	8.8%	10.1%

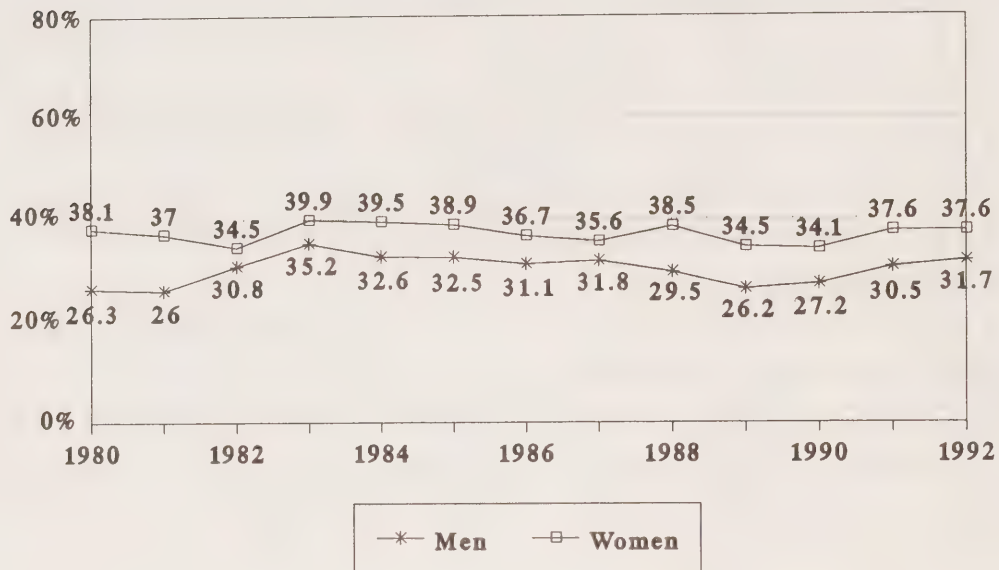
For unattached people, the poverty rates over the years have varied greatly among the four subcategories based on sex and age. All four subcategories have rates that are significantly higher than the rates for married couples, although none of the recent figures was anywhere near the rates for families led by single-parent mothers.

Trends in poverty among unattached men and women under 65 and men and women 65 and older are shown in Graph C. The poverty rates for unattached people under 65 tended to rise and fall with unemployment rates, while the rates for older unattached people fell more or less steadily. In both age groups, the poverty rates were noticeably higher for women than men.

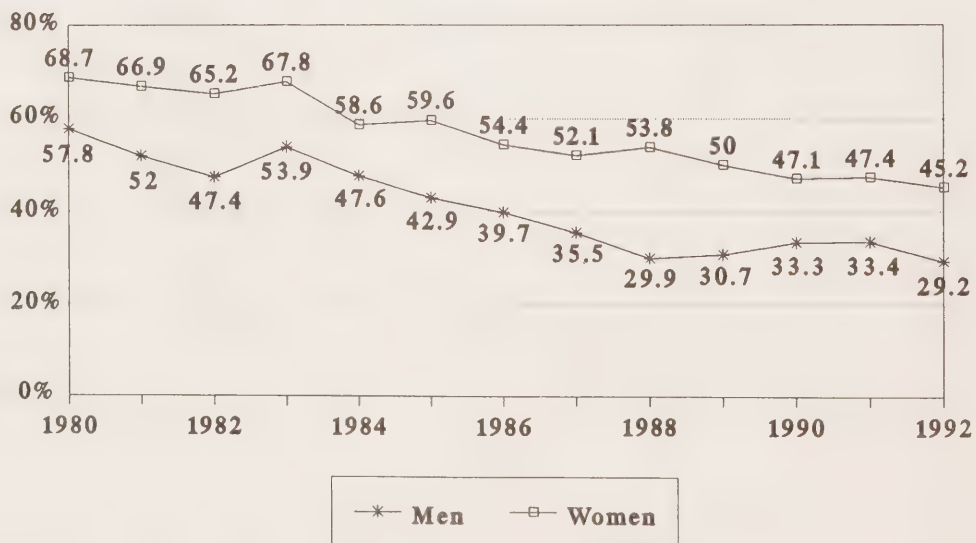
The poverty rate for unattached women under 65 was 38.1 percent in 1980 and 37.6 percent in 1992. The comparable rates for men were 26.3 percent in 1980 and 31.7 percent in 1992. The gap between the sexes was largest in 1980 at 11.8 percentage points and smallest in 1982 at 3.7 percentage points.

For unattached people 65 and older, the poverty rate for women fell from 68.7 percent in 1980 to a record low 45.2 percent in 1992. The rate for men dropped from 57.8 percent in 1980 to a record low 29.2 percent in 1992. The gap between men and women was smallest at 10.9 percentage points in 1980 and largest at 23.9 points in 1988.

Poverty Rates for Unattached People Under 65



Poverty Rates for Unattached People 65 and Older



Graph C

VIEW FROM THE PROVINCES

Unemployment rates, the adequacy of pension programs, and family type are major determinants of poverty in all parts of Canada, but there are important differences from province to province. Table 7 gives the 1992 provincial statistics for families, unattached individuals, and all persons. Even a quick glance at the table is enough to see substantial variations. For families, poverty rates ranged from a low of 7.5 percent in Prince Edward Island to a high of 18.3 percent in Newfoundland. The range for unattached individuals was even greater, from 30.7 percent in Ontario to 44.4 percent in Nova Scotia and 44.8 percent in Quebec. Poverty rates for all persons went from 10.8 percent in P.E.I. to 20 percent in Newfoundland.

TABLE 7

POVERTY BY PROVINCE, 1992

	Families		Unattached Individuals		All Persons	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate	Number of Poor Persons	Poverty Rate
Newfoundland	28,000	18.3%	16,000	39.4%	113,000	20.0%
Prince Edward Island	3,000	7.5%	5,000	31.3%	14,000	10.8%
Nova Scotia	34,000	14.0%	46,000	44.4%	148,000	17.2%
New Brunswick	23,000	11.7%	26,000	37.1%	97,000	13.8%
Quebec	288,000	14.9%	399,000	44.8%	1,229,000	18.0%
Ontario	311,000	11.2%	372,000	30.7%	1,334,000	13.3%
Manitoba	40,000	14.4%	56,000	43.2%	198,000	19.1%
Saskatchewan	35,000	13.6%	41,000	34.4%	161,000	17.1%
Alberta	110,000	16.2%	118,000	35.8%	489,000	19.4%
British Columbia	119,000	13.4%	168,000	31.6%	537,000	16.4%
Canada	991,000	13.3%	1,247,000	36.2%	4,320,000	16.1%

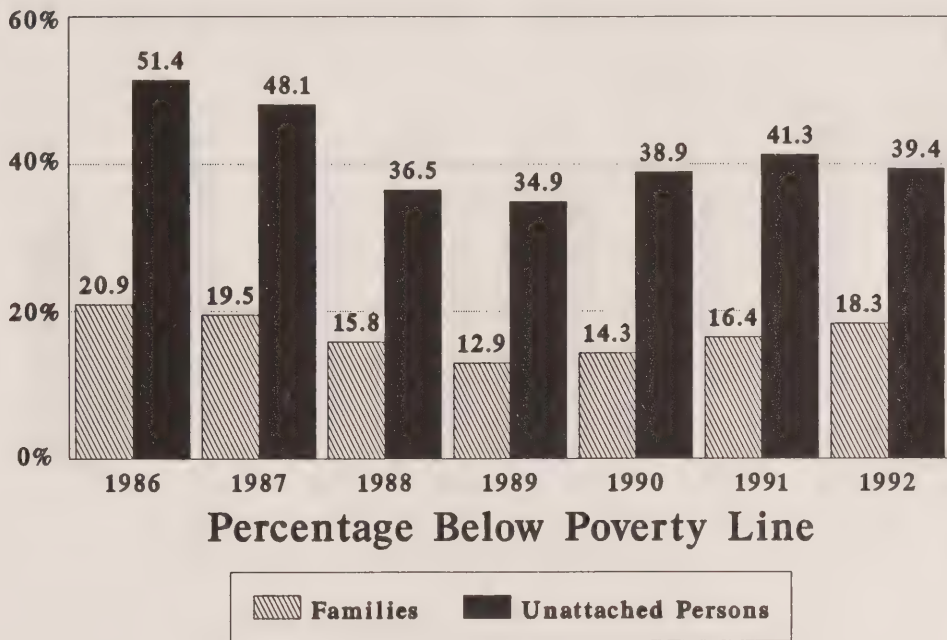
The next ten pages contain graphs with detailed information on poverty by province. The top half of each page gives the poverty rates for families and unattached individuals from 1986 through 1992. As with the national statistics, the rates for unattached persons are invariably much higher than the rates for families. The bottom half of each page plots provincial poverty rates for all persons from 1980 to 1992. The line with diamond markers and accompanied by percentages shows provincial poverty rates. For purposes of comparison, each graph includes a second line showing the poverty rates for Canada as a whole. The percentages were omitted from this line to avoid confusion in cases where the two lines are close together.

The two largest provinces have the most consistent trends for families, unattached individuals and all persons. Ontario's poverty rates were among the lowest in Canada and were well below the national average throughout the period. Quebec's rates were among the highest and well above average. There was much less consistency elsewhere.

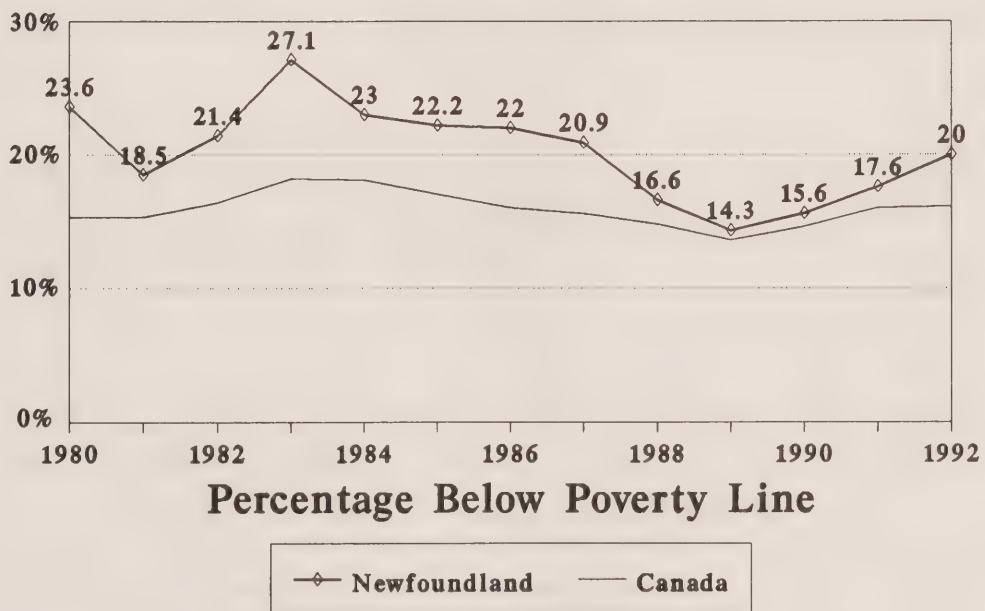
Poverty rates were generally above average in Newfoundland. Particularly disturbing was the increase in family poverty from 12.9 percent in 1989 to 18.3 percent in 1992. Prince Edward Island generally posted lower than average rates. Specific year-to-year changes should be treated with caution, however, because of the small population of the island and the small sample size used in the Statistics Canada survey. There have been sharp swings in the rates for unattached people in the last several years. Nova Scotia normally has poverty rates near the national average, but the rate for unattached individuals jumped to 35.6 percent in 1991 and 44.4 percent in 1992. Poverty rates in New Brunswick were normally higher than average at the start of the 1980s but fell to average or below average by the latter part of the decade.

Manitoba generally had above average poverty rates. Saskatchewan, Alberta and British Columbia had rates for families and all persons that were average or above average, and they had rates for unattached individuals that were below average. Poverty rates for all persons in Alberta once were well below average, but rose dramatically in 1983 and remained average or above average. From 1991 to 1992, the poverty rate for all persons in Alberta jumped from 15.9 to 19.4 percent, and the poverty rate for Alberta families went from 13.1 percent to 16.2 percent.

Newfoundland

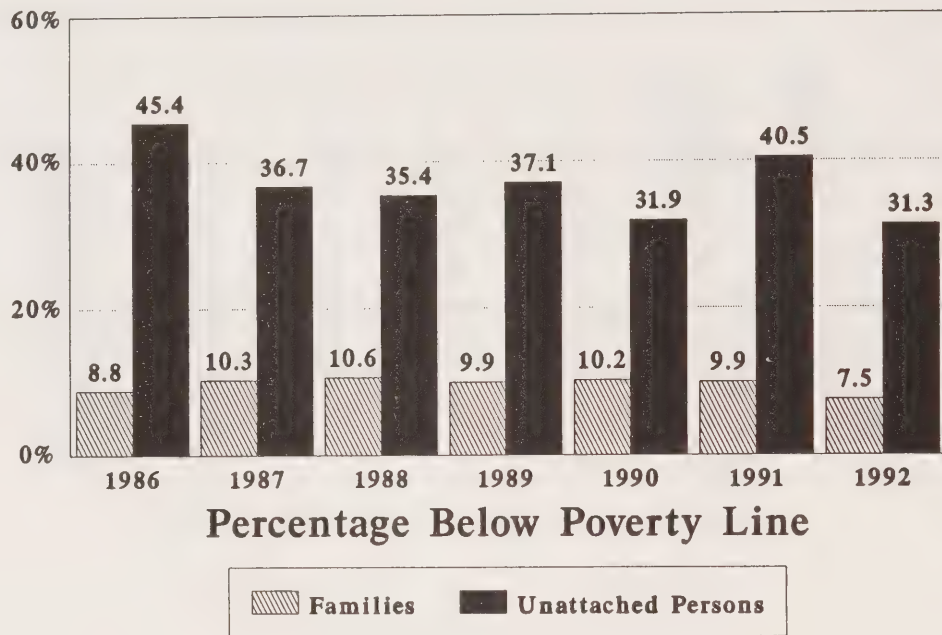


Trends for All Persons

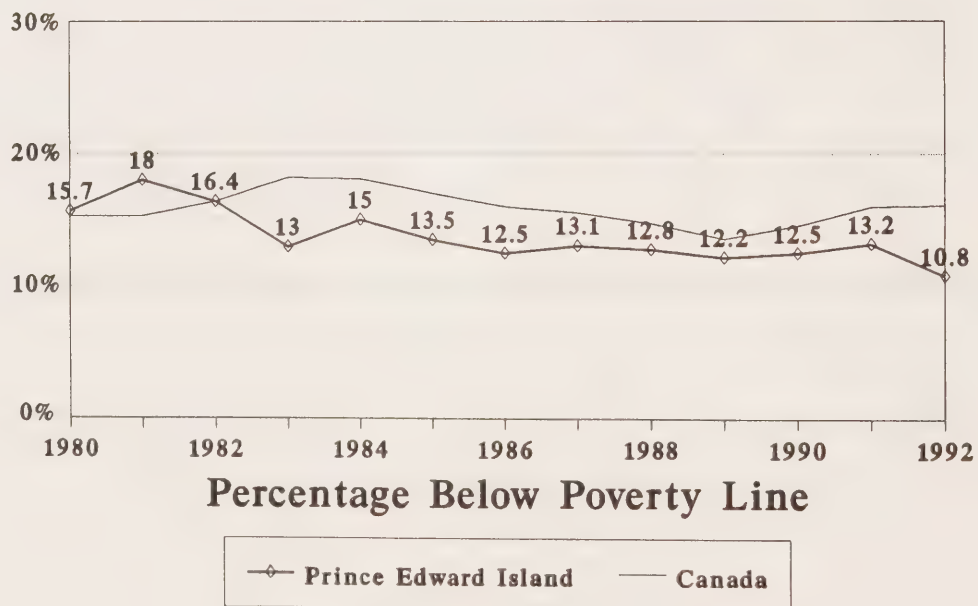


Graph D

Prince Edward Island

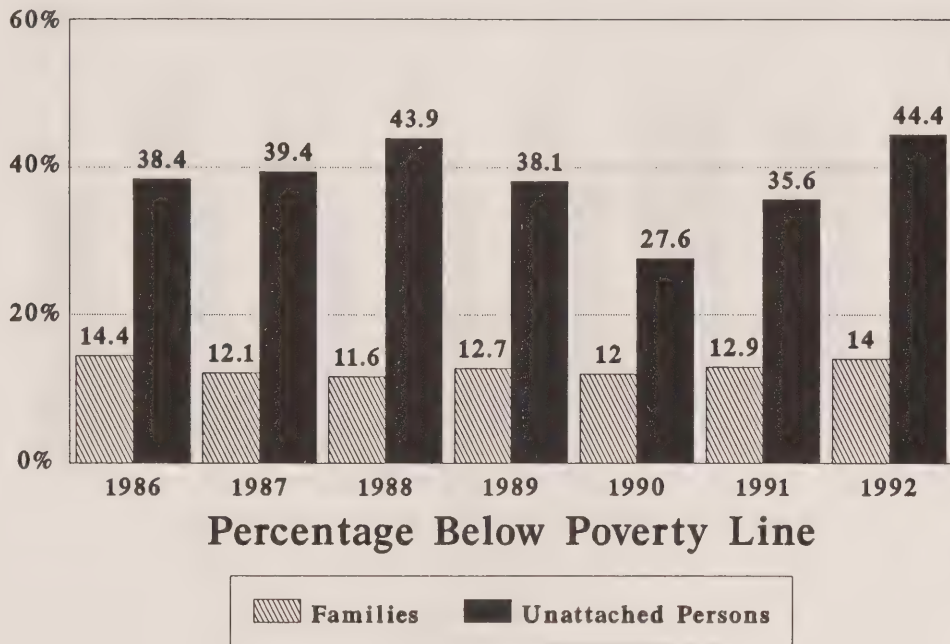


Trends for All Persons

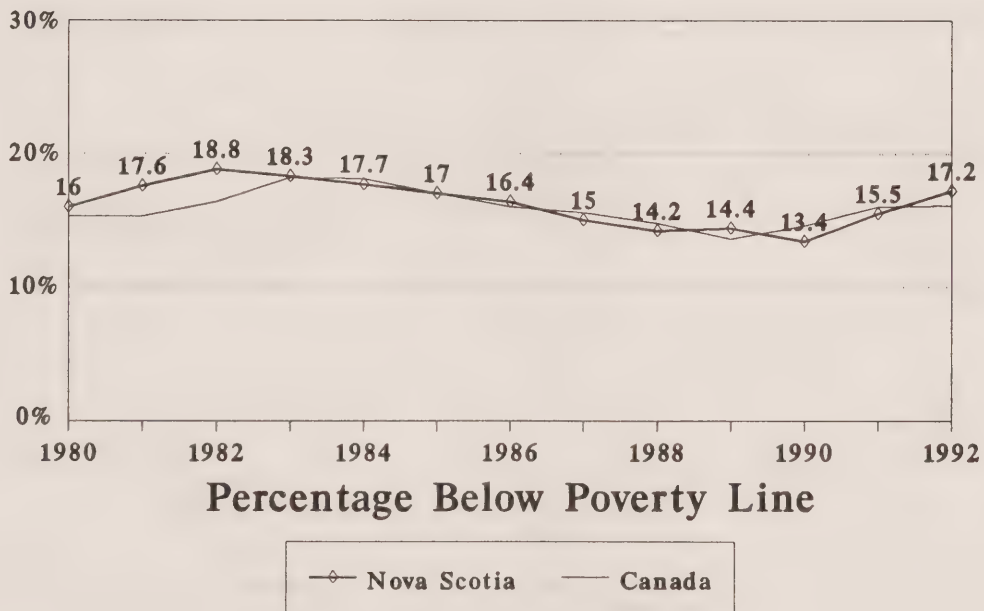


Graph E

Nova Scotia

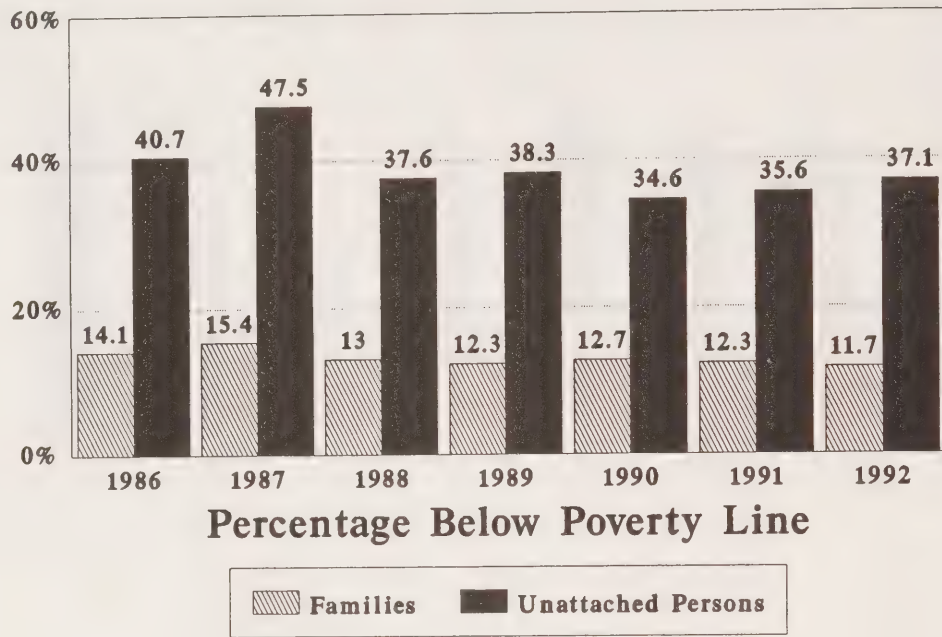


Trends for All Persons

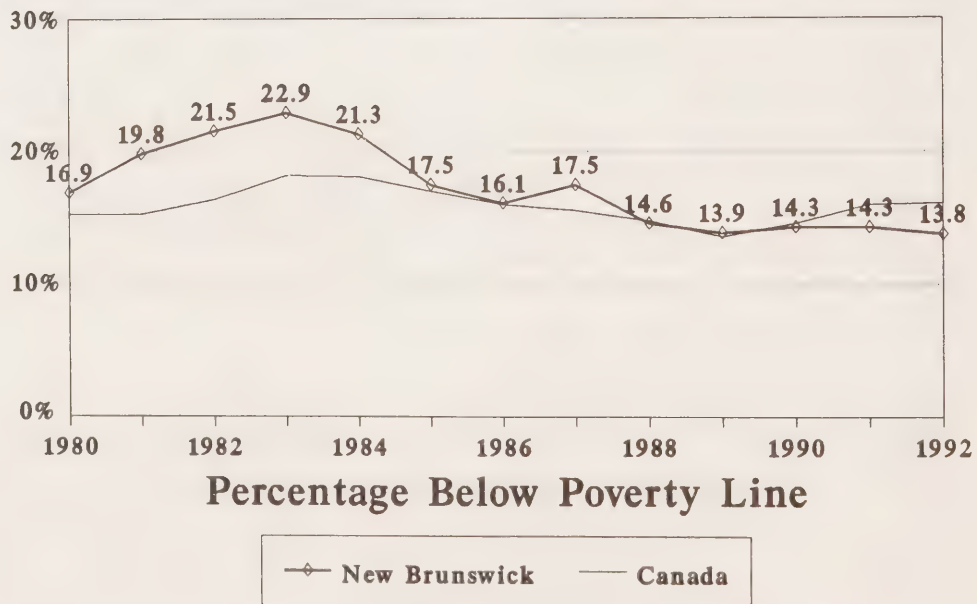


Graph F

New Brunswick

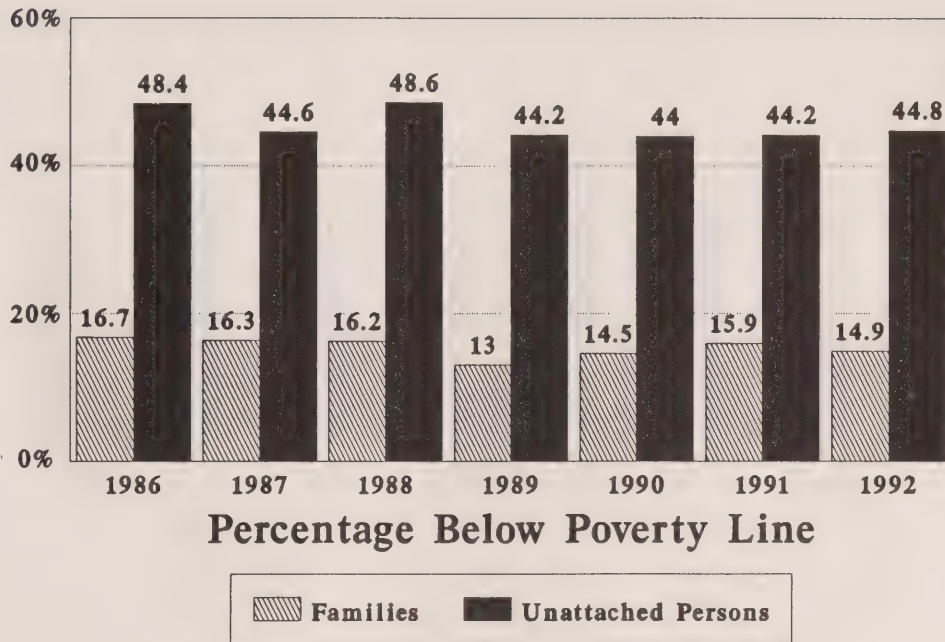


Trends for All Persons

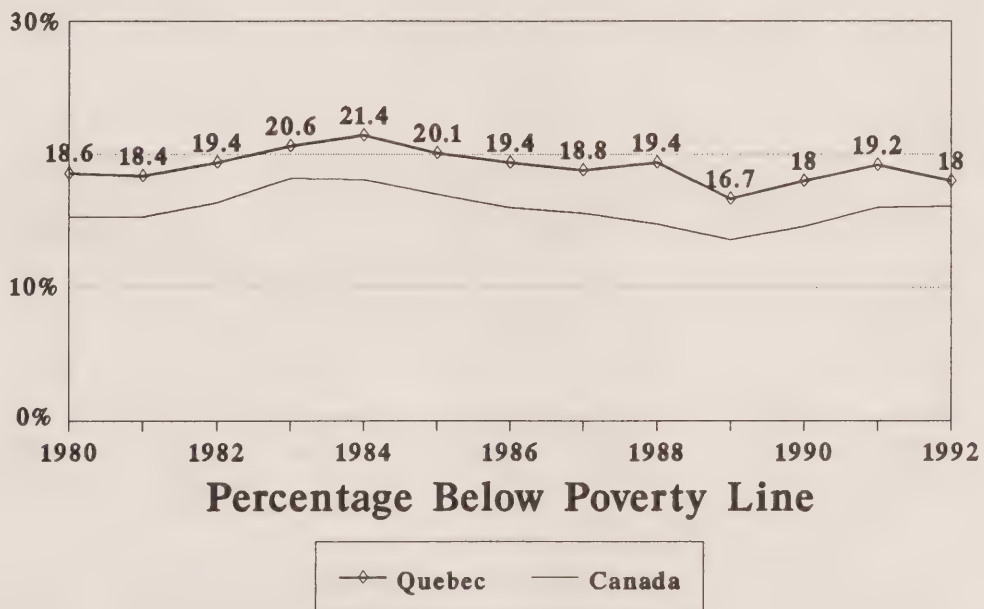


Graph G

Quebec

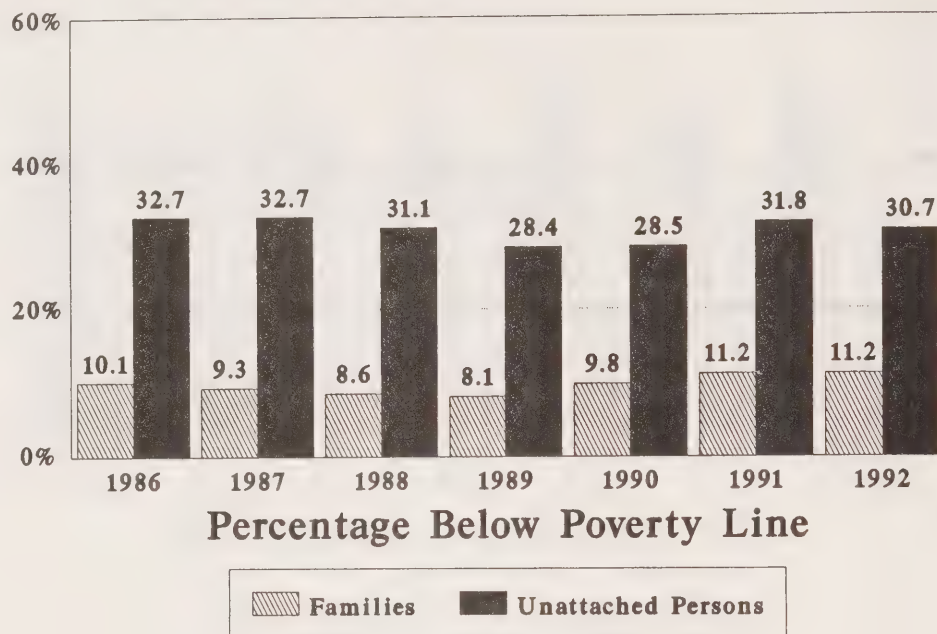


Trends for All Persons

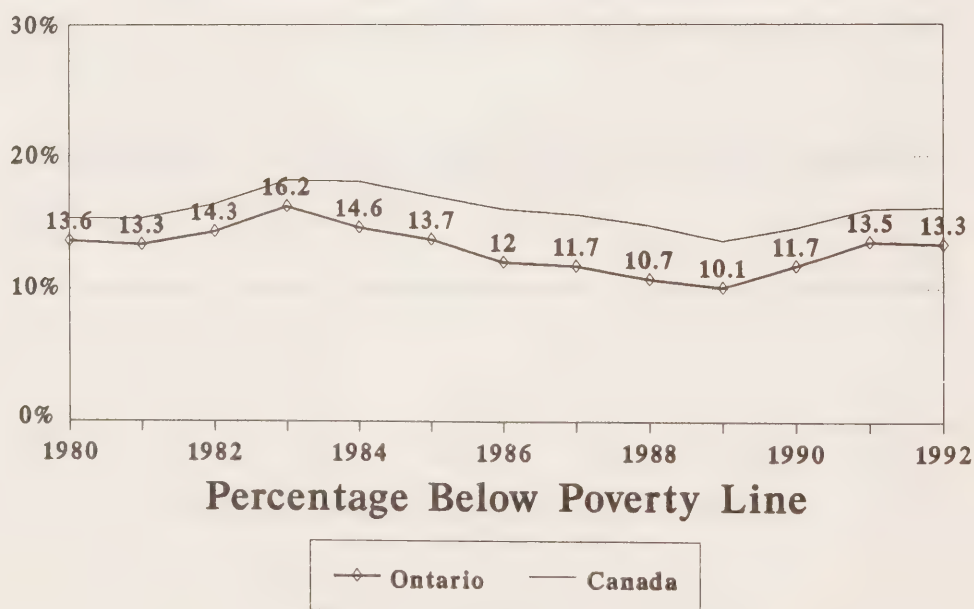


Graph H

Ontario

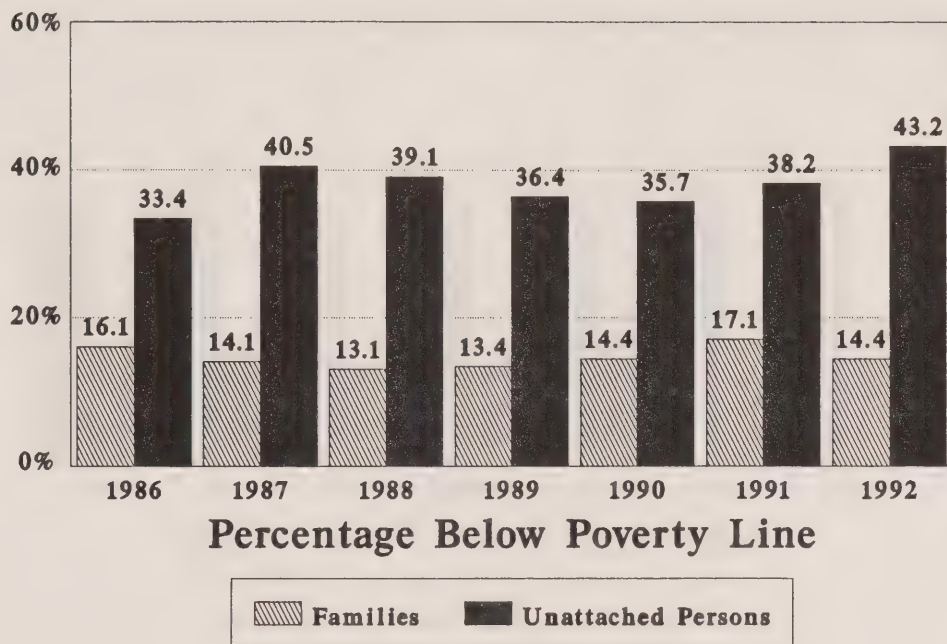


Trends for All Persons

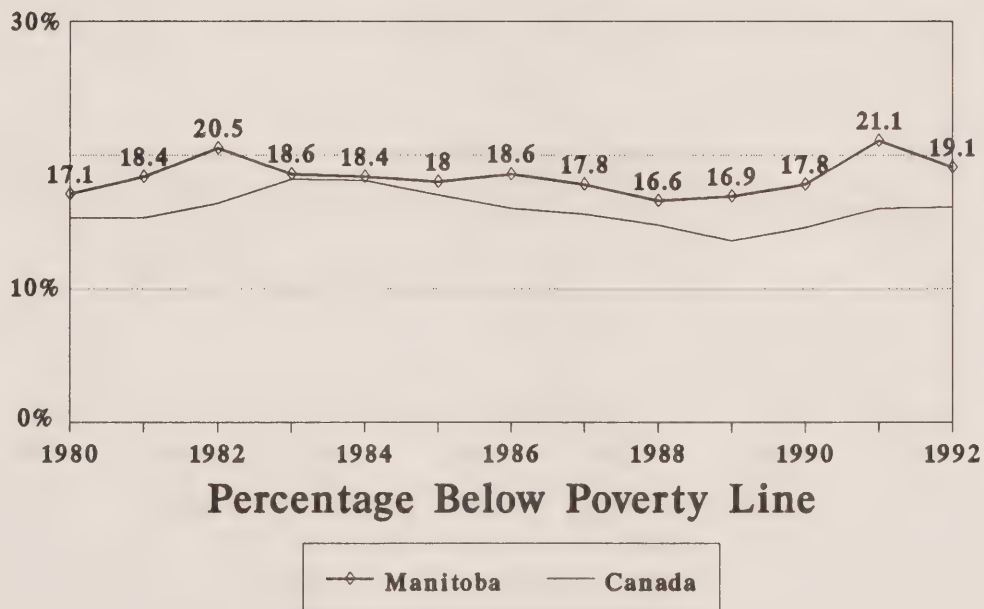


Graph I

Manitoba

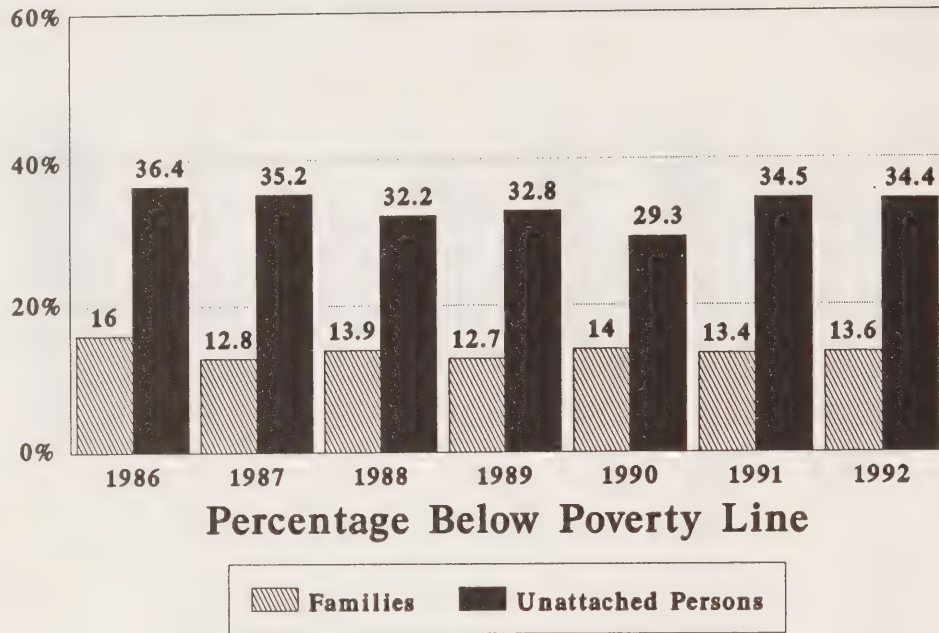


Trends for All Persons

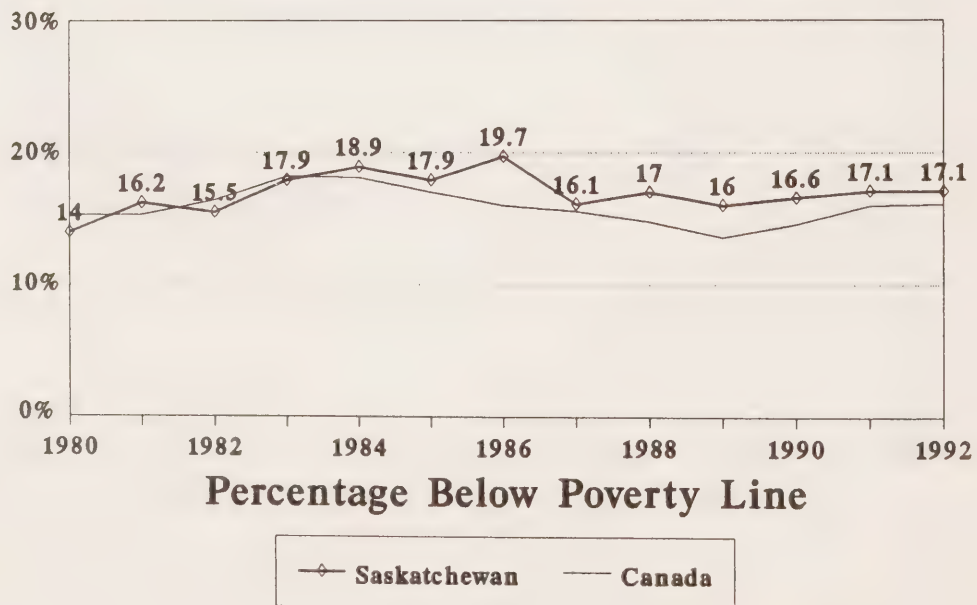


Graph J

Saskatchewan

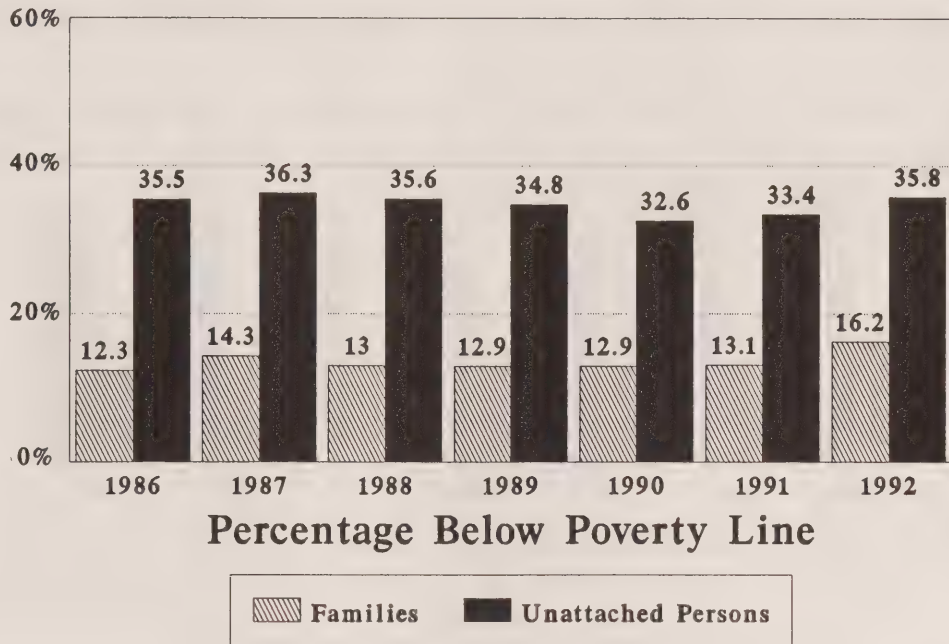


Trends for All Persons

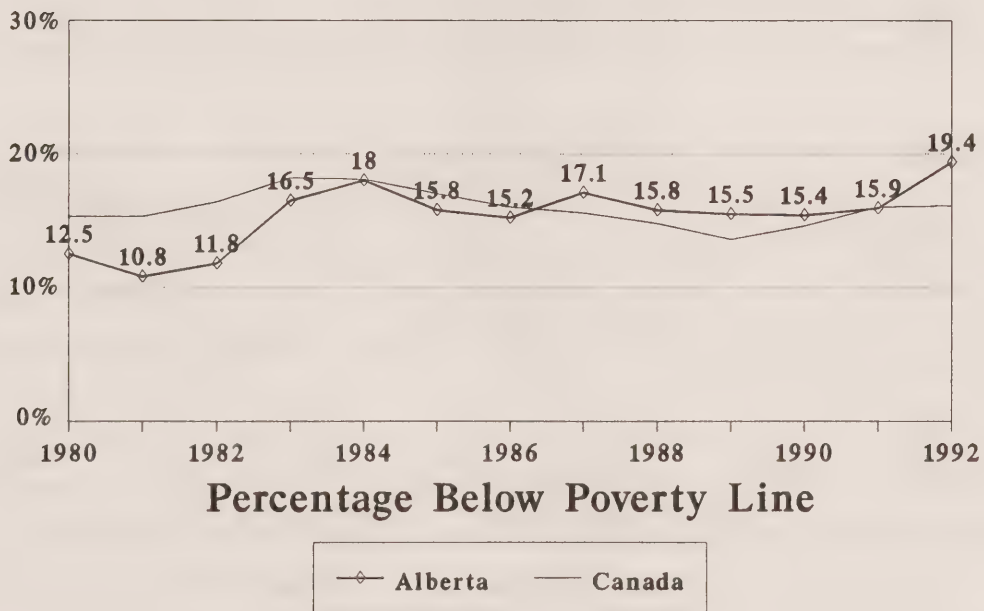


Graph K

Alberta

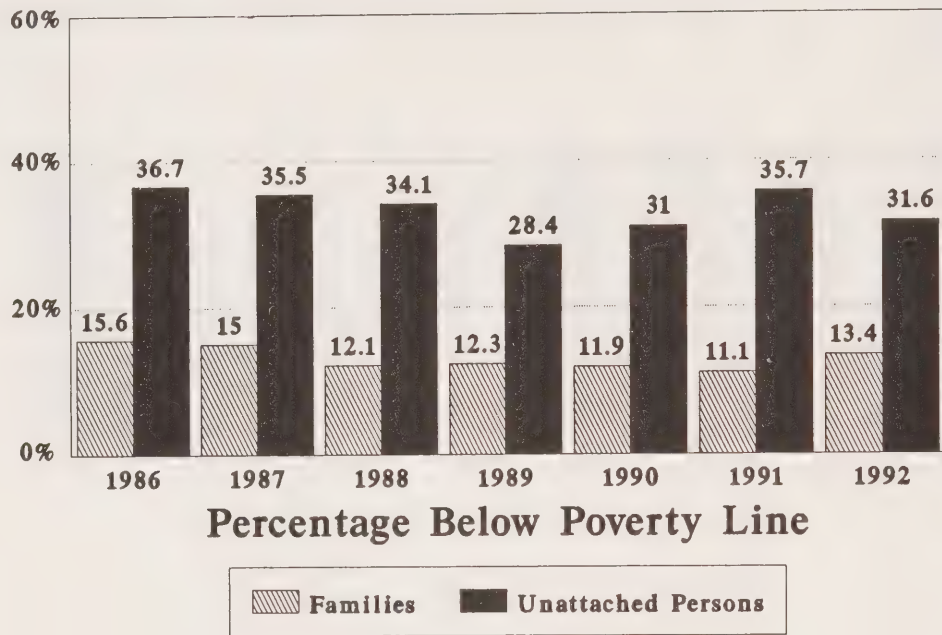


Trends for All Persons

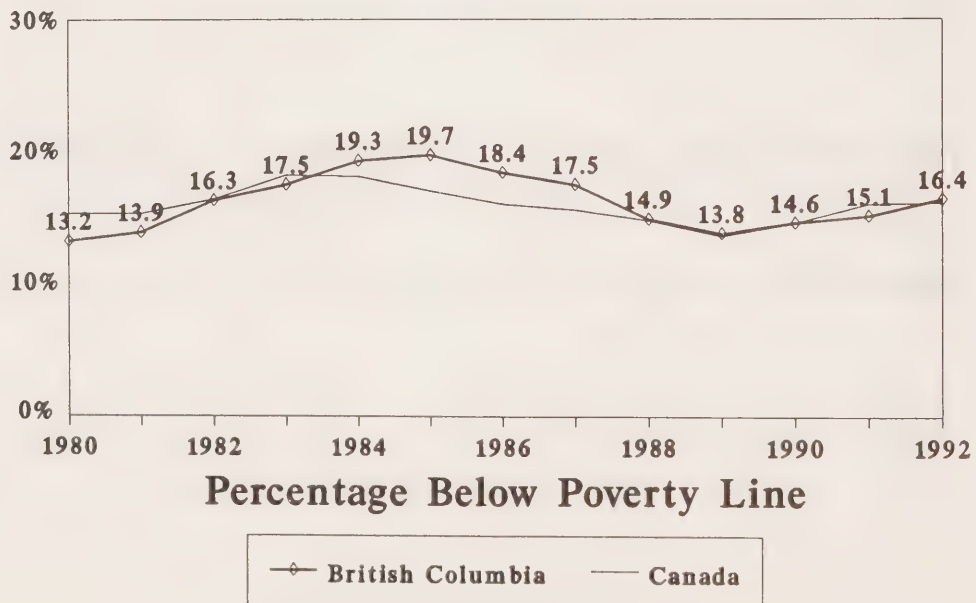


Graph L

British Columbia



Trends for All Persons



Graph M

SNAPSHOTS OF POVERTY IN 1992

Poverty rates vary with family type, sex, age, employment, education, housing and population of area of residence. Among families with children, they vary with the number and age of the children. Among immigrants, there are important differences based on the length of time in Canada.

Family Type

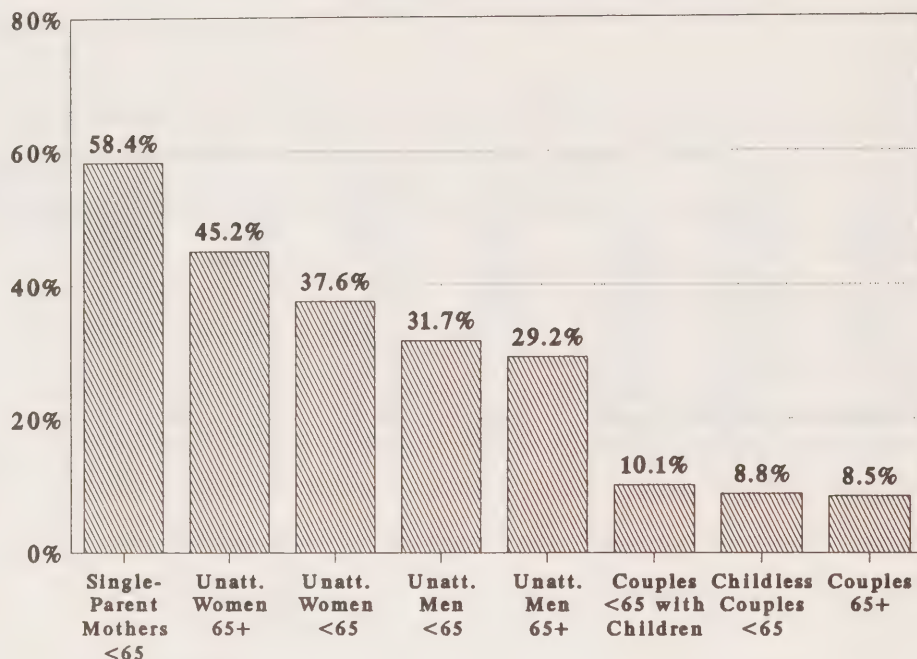
Probably the most important overall determinant of the risk of poverty is family type. As we described earlier, family type refers to eight subcategories of families and unattached individuals that take account of age and sex as well as family circumstances.

The top half of Graph N on the next page arranges the eight family types by poverty rates, with the highest at the left and the lowest at the right. The group with the highest poverty rate was single-parent mothers under 65 with children under 18. The next four bars represent unattached individuals. The poverty rates for unattached women were higher than the rates for unattached men. The three types of husband-wife families had relatively low poverty rates.

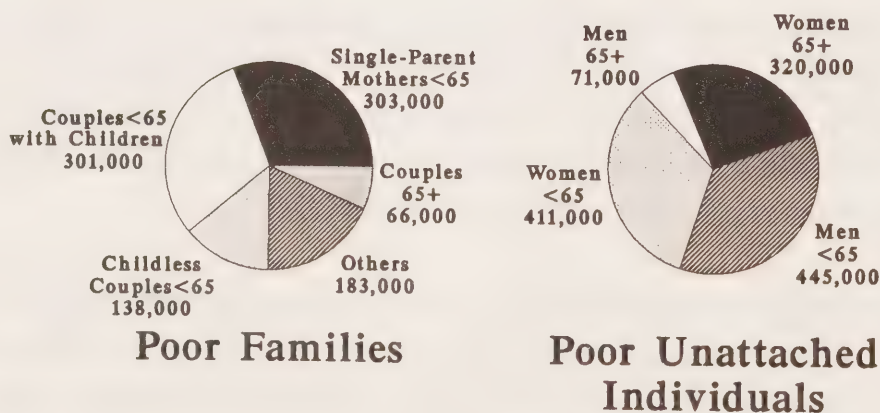
The pie graphs on the bottom half of the page show the number of poor families or unattached individuals by family type as a proportion of all poor families or unattached individuals. Among poor families, the two largest groups were poor families led by single-parent mothers under age 65 with children under 18 and couples under 65 with children under 18. The numbers were almost the same, 303,000 and 301,000.

Among poor unattached individuals, the most revealing comparison was between elderly men and women. Poor unattached women 65 and older outnumbered poor unattached men 65 and older by a margin of more than four to one. The numbers of poor unattached people under 65 were much closer, 445,000 men to 411,000 women.

Poverty Rates by Family Type, 1992



Distribution of Poor Families And Unattached Individuals, 1992



Graph N

Additional Differences by Age, Sex and Family Type

There are other important differences in poverty rates by age and sex and by age and family type, as shown in Graph O on the next page.

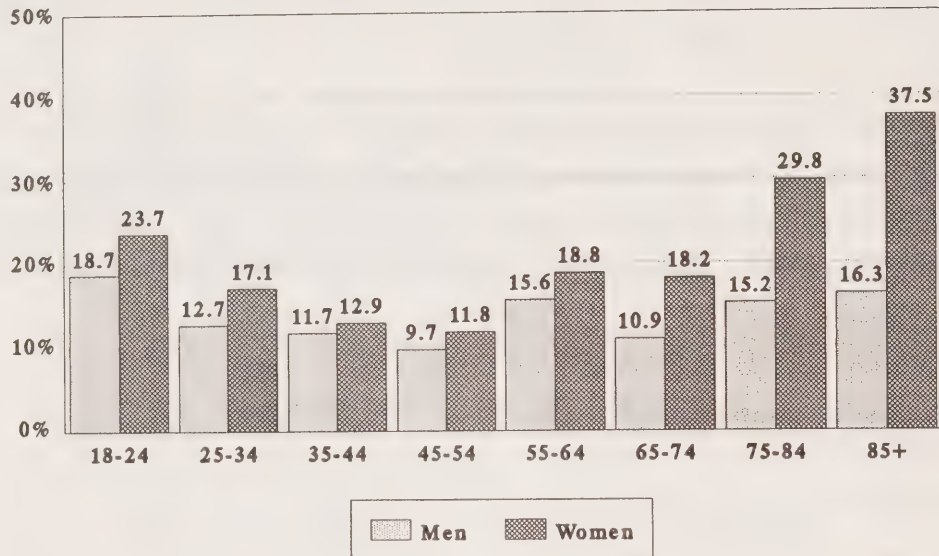
The top half of the graph gives the poverty rates for men and women by age, irrespective of their family status. In all cases, the rates for women were higher than the rates for men, and the differences between the sexes were most pronounced in the youngest and oldest groups. Additional information about poverty among men and women is presented later in this report.

The poverty rates for both sexes were relatively high for the age group 18 through 24. That is partly a reflection of high unemployment rates among young people and partly because entry-level wages are lower than wages for experienced workers. Poverty rates for both men and women fell in the age groups that follow until the age group 55 through 64. Higher rates in this group tend to reflect the difficulties older workers have when they lose their jobs. The higher rate for women 55 through 64 may also be due to an increasing number of widows.

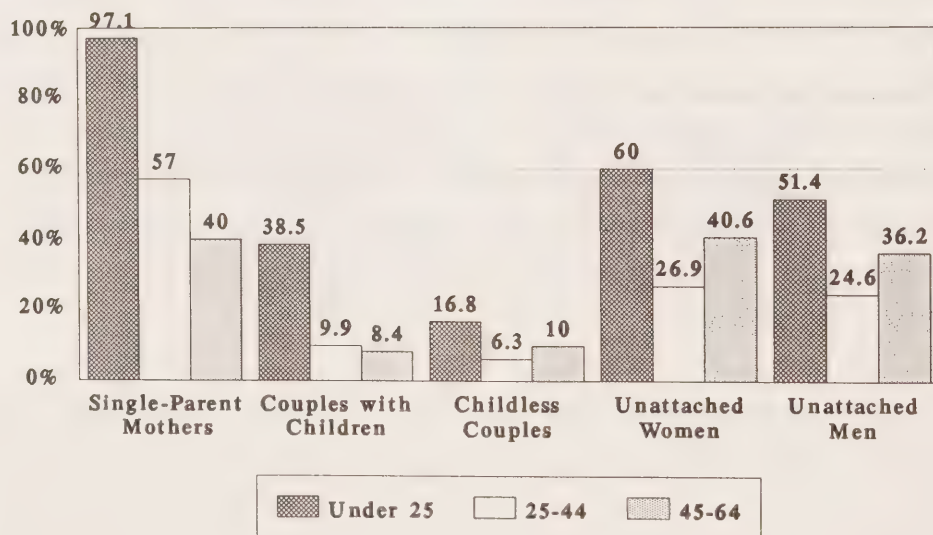
The rates for older men and women show a widening gap between the sexes. For men, the poverty rate dropped substantially from the age group 55 through 64 to the age group 65 through 74, bounced up for the age group 75 through 84 and rose a bit more among the relatively small number of men aged 85 and older. For women, the poverty rate for the age group 55 through 64 was almost the same as the rate for the group 65 through 74. The big increases came in subsequent age groups, with the poverty rate climbing to 37.5 percent for women 85 and older. One reason for higher poverty rates among elderly women is the fact that women live longer than men on average. The older groups contain a large number of women who are unattached, many of them widows, and unattached persons invariably have higher poverty rates than married people.

The bottom half of the graph shows how poverty rates vary by age group and family type, using the five family types under age 65. The poverty rate for the relatively small number of families led by single-parent mothers under age 25 was an incredibly high 97.1 percent. The comparable rates for older families led by single-parent mothers were 57 percent for heads of families 25 through 44 and 40 percent for heads of families 45 through 64.

Poverty Rates for Persons By Age and Sex, 1992



Poverty Rates by Family Type And Age of Head, 1992



Graph O

Poverty rates for the other four non-elderly family types were also highest among heads of families and unattached individuals under 25. In the case of the couples under 65 without children and unattached men and women, the poverty rates rose in the age group 45 through 64.

In terms of numbers, 76 percent of the poor single-parent mothers and 74 percent of the poor couples with children under 18 fell into the age group 25 through 44. The pattern was different for poor couples without children, with 61 percent of them in the group 45 through 64. Forty-six percent of the poor unattached men were in the age group 25 through 44, and 41 percent of the poor unattached women were ages 45 through 64.

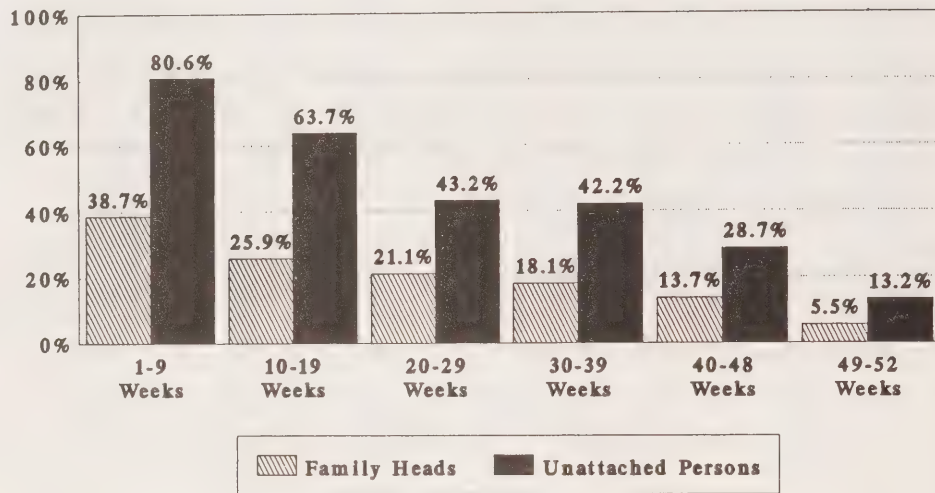
People often change family status several times in the course of their adult lives, and the bottom half of Graph O should be interpreted with this in mind. The poor single-parent mothers under age 25, for example, are not destined to be the poor single-parent mothers in the two older age groups. They could become poor or non-poor married persons with children, poor or non-poor married persons without children once the children grow up, or poor or non-poor unattached persons.

Work Activity

As might be expected, a good job is the best insurance against poverty for Canadians under the age of 65, and Statistics Canada has several measures that show how the risk of poverty decreases as work activity increases. One of the most revealing relates poverty rates to the number of weeks worked during the year for those under age 65, as shown in Graph P on the next page.

Heads of families and unattached people under 65 who worked only one to nine weeks in 1992 had the highest poverty rates, while those who worked full-time or almost full-time had low rates. As with other poverty statistics, the rates were consistently lower for families than unattached people, because many families had earners in addition to the head of the family. In fact, families in all age groups with one earner had a poverty rate of 20.3 percent in 1992, while families with two earners had a poverty rate of only 5.5 percent, and families with three or more earners had a poverty rate of 3.8 percent.

Poverty Rates By Weeks of Work For Family Heads and Unattached Individuals Under 65, 1992



Graph P

Poverty rates for both families and unattached individuals also vary with the type of work done. Table 8 on the next page is arranged so that occupational groupings with the lowest poverty rates for family heads come first and the highest rates come last. The ranking of poverty rates for unattached individuals is somewhat different. In both cases, however, family heads and unattached individuals in managerial jobs had the lowest poverty rates, and workers in service industries had the highest rates.

TABLE 8
POVERTY RATES BY OCCUPATION, 1992

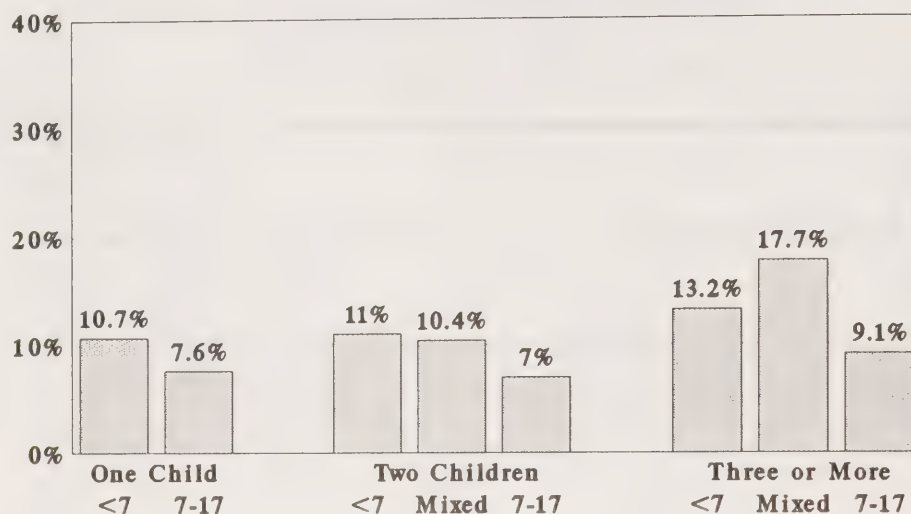
Occupational Group	Family Heads	Unattached Individuals
Managerial	3.4%	10.6%
Processing and Machining	5.4%	13.1%
Professional	5.7%	15.6%
Transport	6.5%	30.0%
Product Fabrication	8.9%	17.7%
Construction	9.0%	27.6%
Sales	9.2%	25.6%
Clerical	13.2%	25.2%
Farming, Fishing, Forestry	14.5%	27.4%
Services	21.0%	40.5%

Number and Age of Children

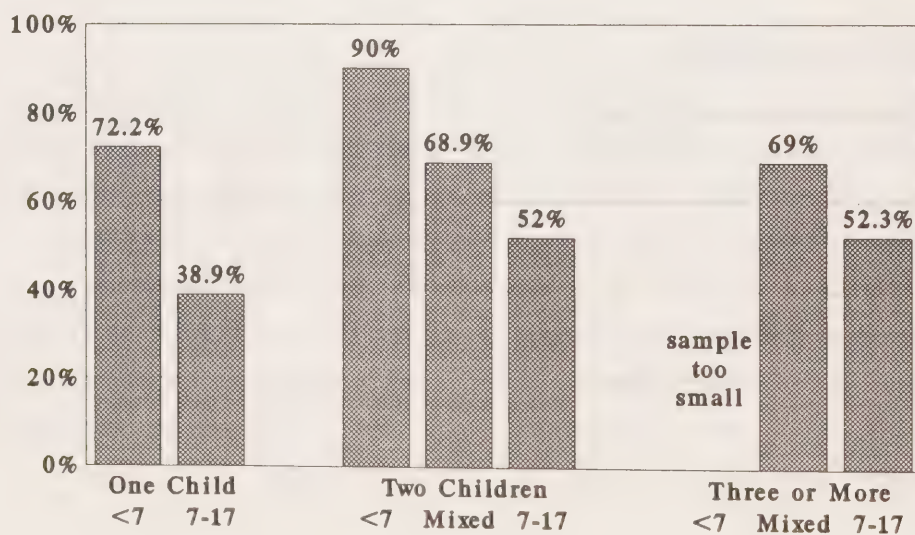
We have seen how poverty rates vary by family type. Rates for two-parent families are relatively low, and rates for families led by single-parent mothers are sky-high. Within these general ranges, the rates vary noticeably with the number and age of children.

The top half of Graph Q on the next page shows the poverty rates for two-parent families and the bottom half shows the rates for families led by single-parent mothers. Although the patterns are not perfect, the two parts of the graph suggest that poverty rates increase with the number of children but decrease once the youngest child reaches school age.

Poverty Rates for Two-Parent Families Under 65, by Number and Age Group Of Children Under 18, 1992



Poverty Rates for Single-Parent Mothers Under 65, by Number and Age Group Of Children Under 18, 1992



Graph Q

For example, the poverty rate for two-parent families with two children under age seven was 11 percent in 1992. The rate for families with two children of mixed age groups - one under seven and one seven through 17 - was almost the same at 10.4 percent. The big drop, to seven percent, occurred among families with two children both seven or older.

The same pattern was evident among families with two children led by single-parent mothers. The poverty rate was an almost unbelievable 90 percent when both children were under seven, it fell to 68.9 percent when one of the children was seven or older, and it fell again to 52 percent once both children had reached seven.

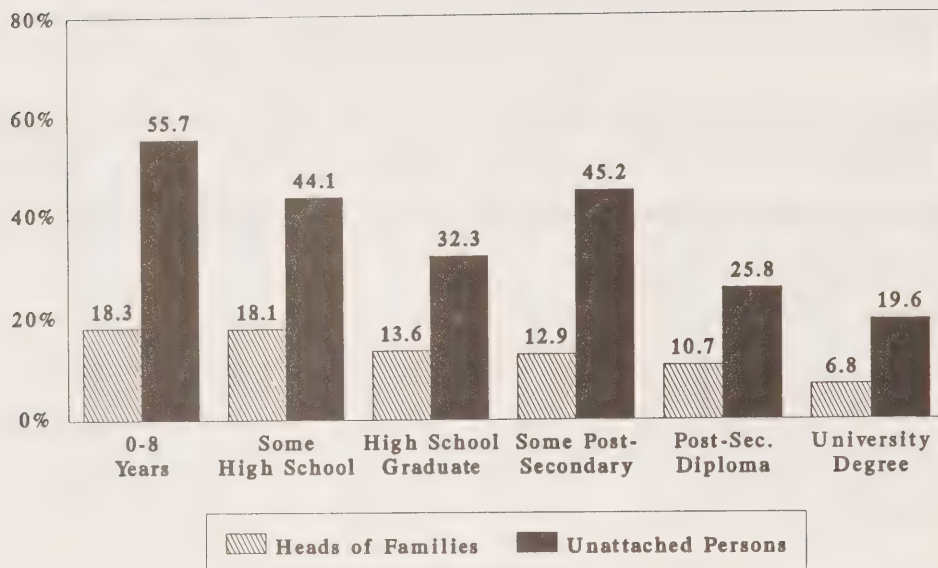
It would be logical to expect that the risk of poverty is higher for families of all types with very young children, because the job of caring for infants and toddlers often keeps mothers out of the labour force. Mothers are more inclined to take jobs outside the home once their youngest children are off to school.

As an aside, it is interesting to note from other statistics that families led by single-parent mothers had fewer children on average than two-parent families. In 1992, poor single-parent mothers under 65 had an average of 1.74 children, and single-parent mothers who were not poor had an average of 1.55 children. Among couples under 65 with children, poor couples had 2.08 children on average and non-poor couples had 1.85 children.

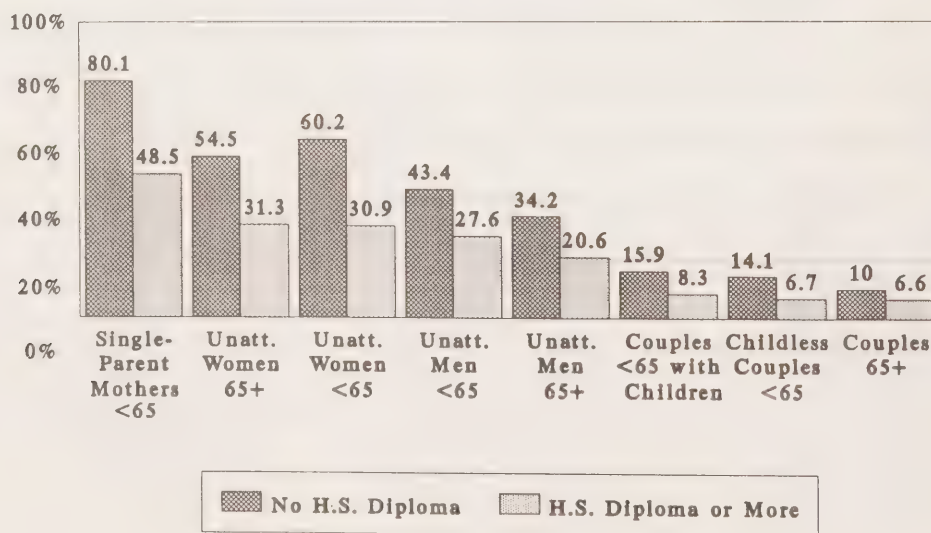
Education

The risk of poverty normally decreases as people get more schooling. The top half of Graph R on the next page shows poverty rates in excess of 18 percent for heads of families who had eight years of schooling or less or who had some high school, but did not graduate. The lowest poverty rates were family heads with university degrees. The same general pattern was true for unattached individuals, except that the pattern was broken for unattached people with some post-secondary education who did not complete their courses of study. There is no obvious explanation for the higher poverty rate for this group.

Poverty Rates by Highest Level of Education Completed, 1992



Poverty Rates by Family Type And Level of Education, 1992



Graph R

Seen another way, there were a disproportionate number of poor people with low levels of education. Of the 1,247,000 unattached people who were poor in 1992, 595,000 or 48 percent did not finish high school. Among unattached people who were not poor, only 27 percent failed to finish high school. Of the 991,000 families who were poor in 1992, 444,000 or 45 percent were headed by people who did not finish high school. The comparable figure for heads of families who were not poor was 31 percent.

To get a better idea of the relationship between education and poverty, we looked at poverty rates by family type as well as by level of education. The bottom part of Graph R shows the poverty rates by family type, with the highest rates at the left of the graph. The darkly shaded bars are poverty rates for family heads or unattached individuals who did not graduate from high school. The lighter bars are poverty rates for family heads or unattached individuals with a high school diploma or better.

The patterns are similar to the patterns for family type alone shown earlier in this report. The poverty rate for families led by single-parent mothers with less than a high school education was 80.1 percent - by far the highest rate among all those who did not graduate from high school. Single-parent mothers who did graduate had a poverty rate of 48.5 percent - again the highest of any family type. This shows that family type and level of education both influence a person's risk of poverty.

Poor education can be either a cause of poverty or an effect. Young people who drop out of school may be poor because they lack the skills needed to get good jobs. On the other hand, young women who drop out of school if they get pregnant may be poor because of the hardships associated with single parenthood. The fact that they are poorly educated is a result of their family circumstances rather than an immediate cause of poverty. ●

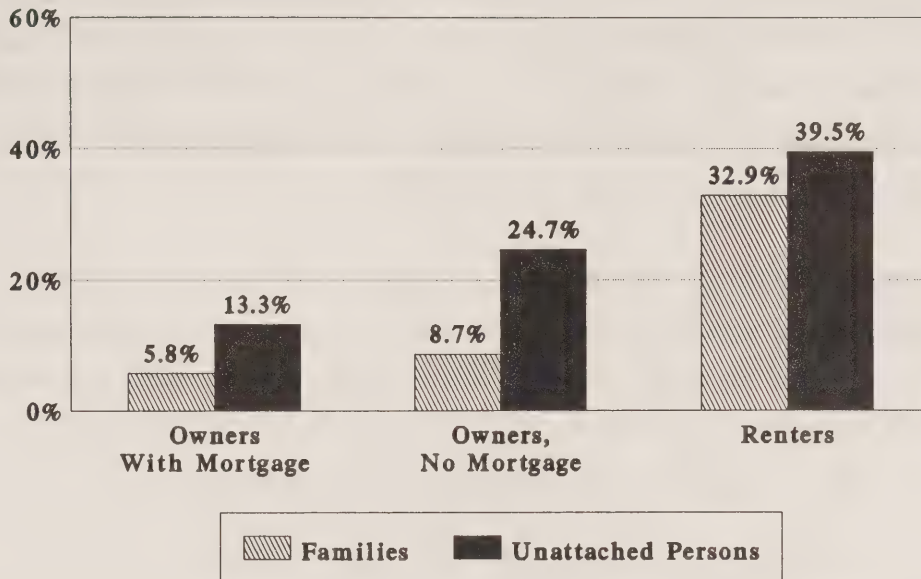
Homeowners and Renters

Statistics on poverty and housing are collected in three categories: homeowners with mortgages, homeowners without mortgages, and renters. Graph S on the next page gives the poverty rates by housing status for families and unattached individuals under 65 and elderly families and unattached individuals.

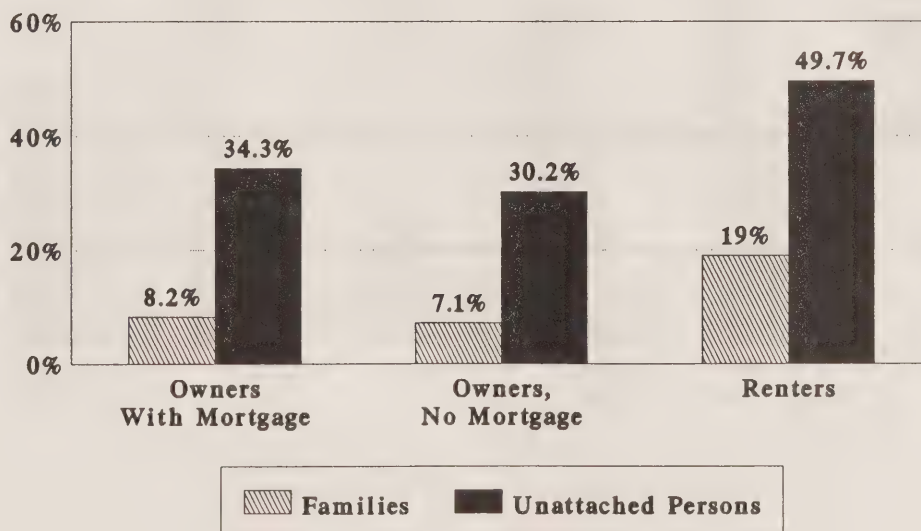
For both groups, poverty rates were higher for unattached individuals than for families, and renters had higher poverty rates than homeowners with or without mortgages. However, the top and bottom portions of the graph show some interesting differences between the two age groups. For the under 65 group, poverty rates increased from the category homeowners with mortgages to owners without mortgages to renters. For the 65 and older group, the pattern was different: homeowners without mortgages had lower poverty rates than homeowners with mortgages.

There are also interesting differences in the distribution of poor families and unattached individuals by age group. For those under 65, 64 percent of the poor families and 87 percent of the poor unattached individuals were renters. For those 65 and older, the percentage of renters fell to 37 percent for poor families and 66 percent for poor unattached individuals. Many of the rest of the poor seniors were homeowners without mortgages. Presumably, most of the poor seniors who were homeowners without mortgages had paid off their mortgages during the course of their working lives but still wound up in poverty because their annual retirement incomes were very low.

Poverty Rates for Homeowners And Renters Under 65, 1992



Poverty Rates for Homeowners And Renters 65 and Older, 1992

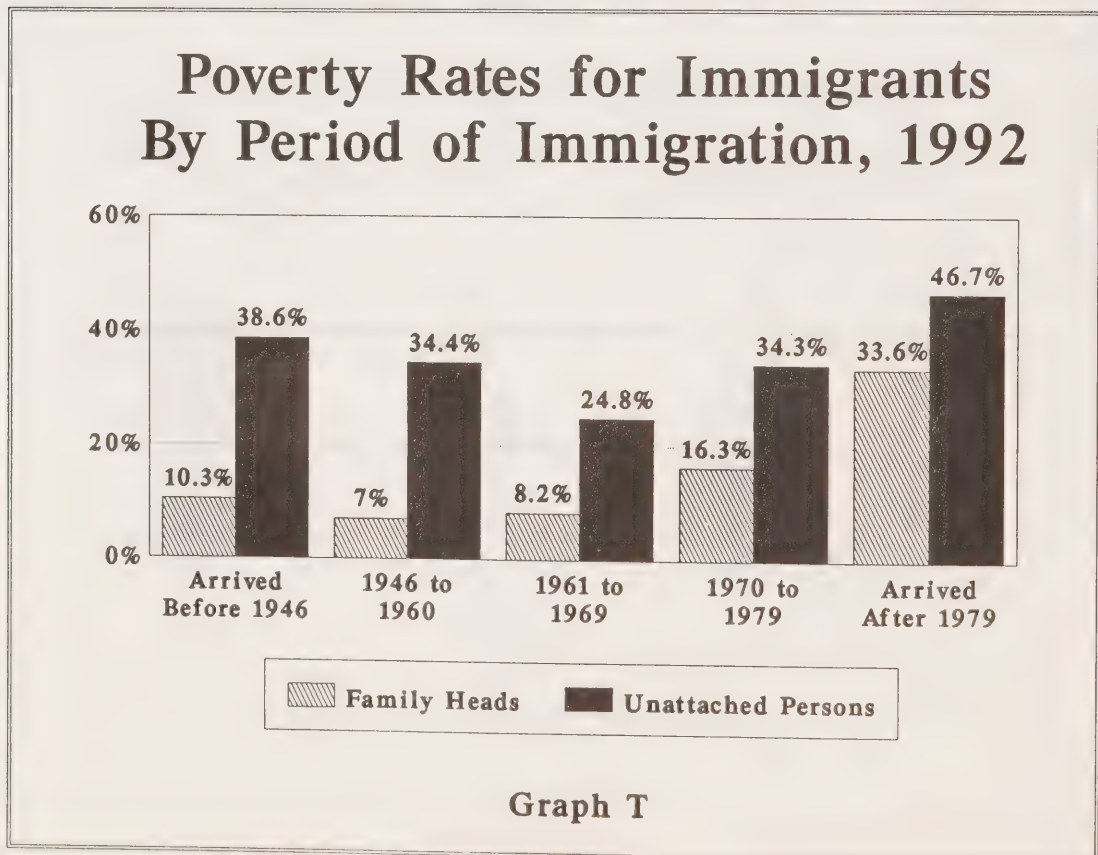


Graph S

Year of Immigration

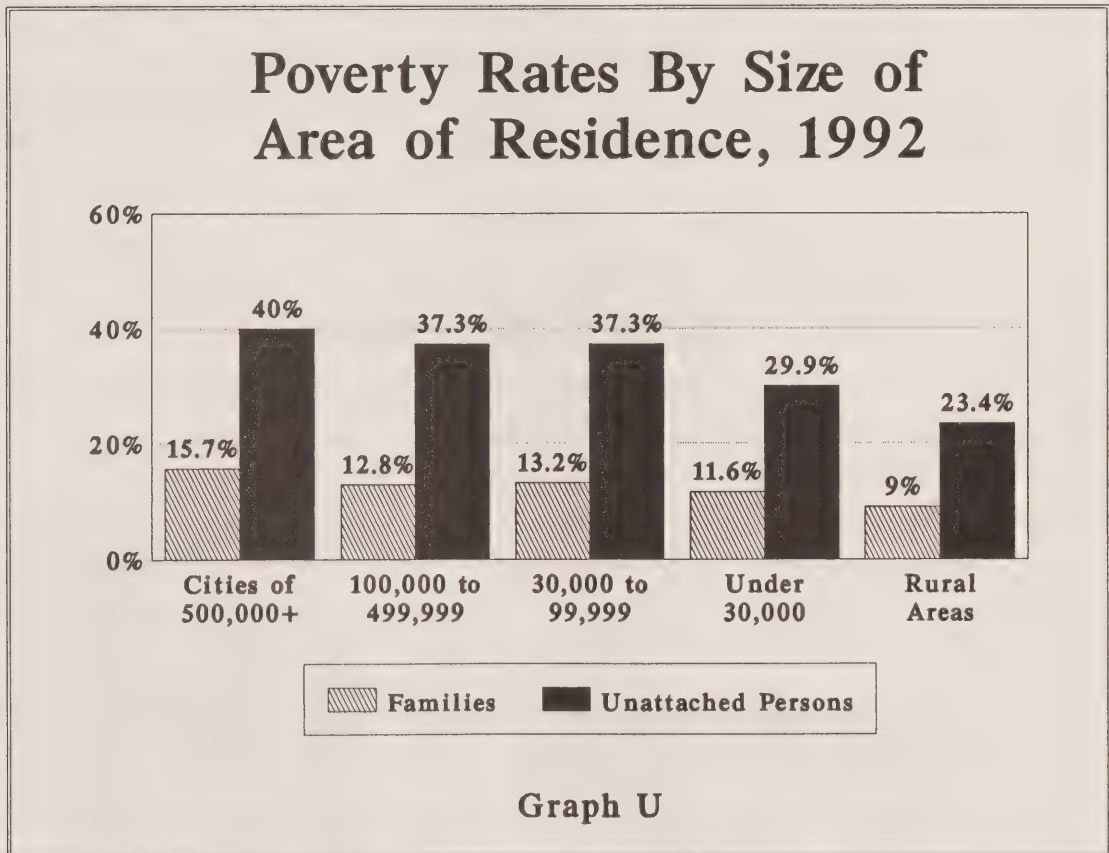
There appears to be no overall pattern in the 1992 statistics on poverty and immigration. Poverty rates were relatively low for families with heads who immigrated to Canada prior to 1970, and they were relatively high for families with heads who arrived in the 1970s or later. Among unattached individuals, poverty rates were lowest among those who immigrated in the 1960s and highest among those who arrived after 1979.

The poverty rate for all families headed by immigrants was 16.7 percent in 1992, and the poverty rate for all unattached immigrants was 36.5 percent. The comparable rate for families with Canadian-born heads was 12.4 percent, and the comparable rate for unattached people born in Canada was 36.1 percent.



Area of Residence

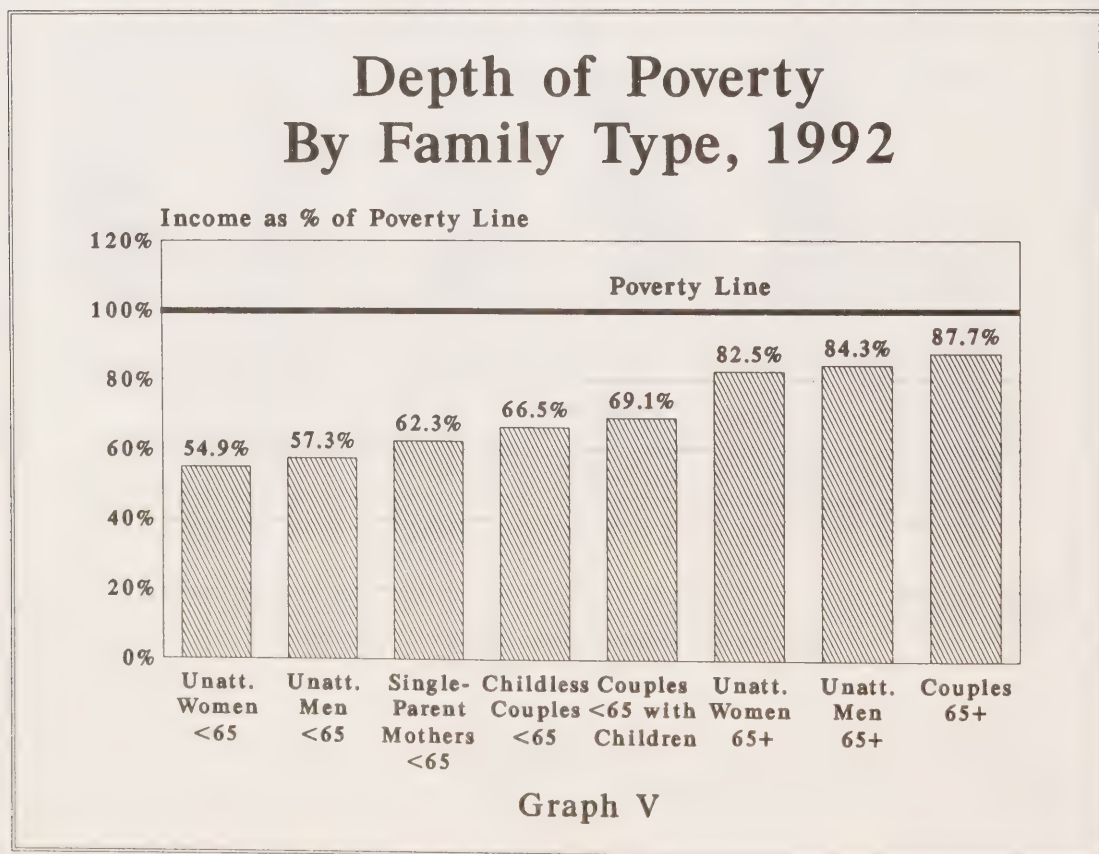
Graph U shows poverty among families and unattached people by the size of their communities. Each of the five categories in the graph corresponds to a set of poverty lines based on community size. The low income cut-offs are higher in urban areas than rural areas, and that explains in part why poverty rates in the largest cities are noticeably higher than poverty rates in the country.



DEPTH OF POVERTY, THE POVERTY GAP, AND NEAR POVERTY

It is one thing to measure the risk of poverty and quite another to measure its severity. Poverty rates show the percentage of the population which is poor each year, but they do not show whether poor people are living in abject poverty or a few dollars below the poverty line. For that, we need measures of the "depth of poverty." Depth of poverty statistics also allow us to calculate the "poverty gap" to show how much additional income would be needed to bring all Canadians out of poverty. Finally, it is useful to have information about the "near poor" or those people who live just above the poverty line and who would become poor with a small drop in income.

Several types of statistics are available on the depth of poverty. Two particularly useful measures show the average incomes of poor Canadians as a percentage of the poverty line and the depth of poverty in dollars below the poverty line.



Graph V on the preceding page shows the average incomes of poor Canadians as a percentage of the poverty line for the eight family types which were highlighted in previous chapters. The groups are arranged with the poorest at the left of the graph and the least poor at the right. Unattached women under 65 were the poorest of the eight family types in 1992, with total incomes that were only 54.9 percent of the poverty line on average. Poor married couples 65 and older were at the other end, with average incomes of 87.7 percent of the poverty line.

Depth of poverty can also be expressed in dollars as the difference between the poverty line and the average income of poor families or unattached individuals. Table 9 shows the depth of poverty by family type for the years 1980 and 1992, with all the figures given in 1992 dollars to factor out the effects of inflation over the years.

<p><u>TABLE 9</u></p> <p><u>AVERAGE DEPTH OF POVERTY BY FAMILY TYPE</u></p> <p><u>IN CONSTANT 1992 DOLLARS, 1980 AND 1992</u></p>		
Family Type	Dollars Below Poverty Line in 1980	Dollars Below Poverty Line in 1992
Single-Parent Mothers under 65 with Children under 18	\$ 9,720	\$ 8,538
Couples under 65 with Children under 18	\$ 8,009	\$ 8,361
Unattached Women under 65	\$ 6,937	\$ 6,265
Unattached Men under 65		\$ 5,940
Childless Couples under 65	\$ 6,477	\$ 6,078
Unattached Women 65 and Older	\$ 3,861	\$ 2,480
Unattached Men 65 and Older		\$ 2,186
Couples 65 and Older	\$ 3,253	\$ 2,407

The eight family types in Table 9 are arranged so that the two family types with the largest depth of poverty in 1980 came first - that is, single-parent mothers under 65 with children under 18 and couples under 65 with children under 18. The overall order is different when the statistics are given in dollars rather than percentages, because the poverty lines for families are much higher in dollar terms than the poverty lines for unattached individuals.

Generally speaking, the depth of poverty did not vary greatly from one year to the next. There were noticeable declines between 1980 and 1992 in the depth of poverty among all family types except couples under 65 with children under 18. Statistics Canada did not publish depth of poverty data for unattached people by sex for 1980. However, if recent data are any guide, the differences between the sexes were relatively small in 1980.²

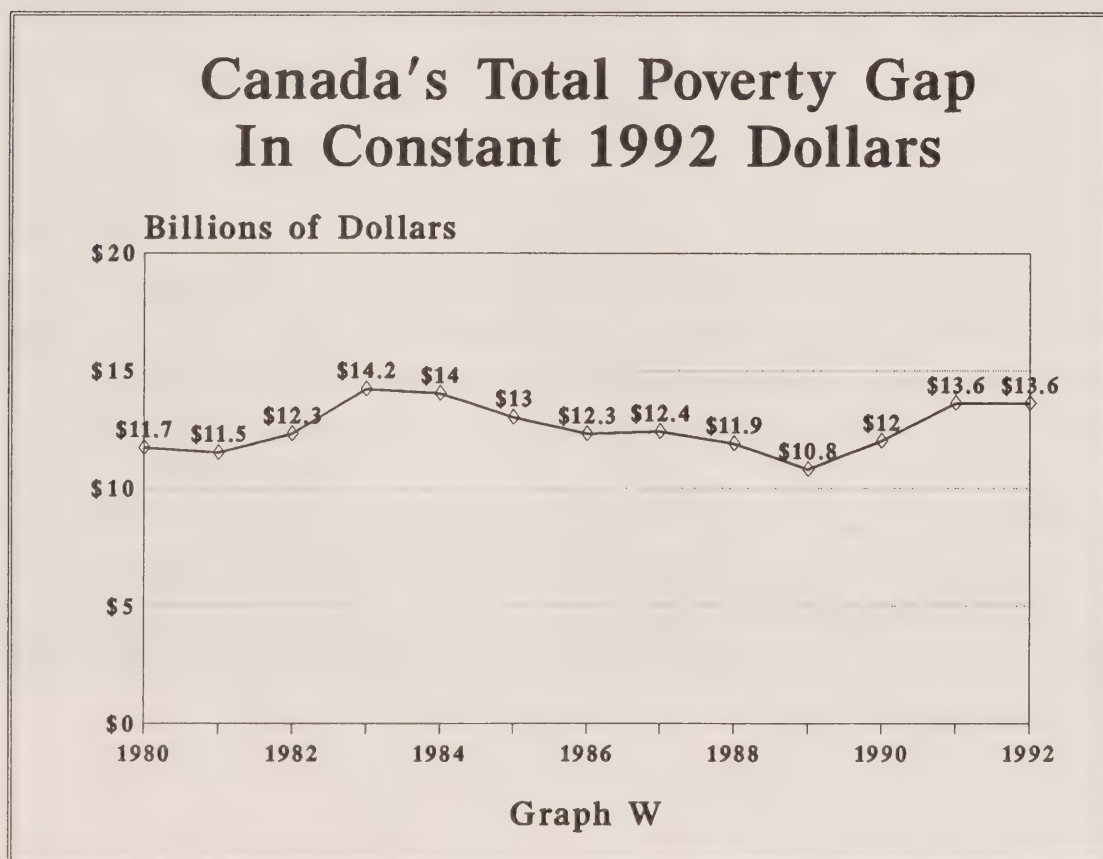
TABLE 10
TOTAL POVERTY GAP BY FAMILY TYPE, 1992

Family Type	Poverty Gap	Percentage of Total Gap
Unattached Men under 65	\$2,644,000,000	19.5%
Single-Parent Mothers under 65 with Children under 18	\$2,589,000,000	19.1%
Unattached Women under 65	\$2,573,000,000	19.0%
Couples under 65 with Children under 18	\$2,518,000,000	18.6%
Couples under 65 without Children	\$837,000,000	6.2%
Unattached Women 65 and Older	\$795,000,000	5.9%
Couples 65 and Older	\$158,000,000	1.2%
Unattached Men 65 and Older	\$155,000,000	1.1%
Others	\$1,296,000,000	9.6%
Total Poverty Gap	\$13,565,000,000	100.0%

Using the average depth of poverty in dollars for different family types and the number of families or unattached individuals in each group, it is possible to calculate Canada's total "poverty gap," or the amount of additional income that would be required to bring all Canadians above the poverty line in any given year.

The poverty gap in 1992 was nearly \$13.6 billion, as shown in Table 10 on the previous page. Four family types accounted for more than three-quarters of the gap: unattached men under 65; single-parent mothers under 65 with children under 18; unattached women under 65; and couples under 65 with children under 18. The ranking of these four groups changes from year to year, but no other family types come close to the size of their poverty gaps.

Canada's poverty gap rose and fell in recent years in much the same way that poverty rates rose and fell, as shown in Graph W. All the dollar figures have been expressed in constant 1992 dollars to show the trends with the effects of inflation removed. The gap was \$11.7 billion in 1980, it rose to \$14.2 billion in 1983 in the wake of the recession, and it fell for most of the decade. With the start of another recession in 1990, the gap rose once again.



In addition to information on the depth of poverty, Statistics Canada also has information on "near poverty" or families and unattached individuals who are just above poverty line. In 1992, there were 1.2 million unattached individuals with incomes below the poverty line and another 385,000 with incomes between the poverty line and 125 percent of the line. There were 991,000 poor families and another 566,000 families with incomes between 100 and 125 percent of the poverty line.

With sizable numbers of Canadians living just below or just above the poverty line, the poverty statistics could change dramatically with major changes in the economy or major changes in government policy. A sharp rise in unemployment could drive hundreds of thousands of people into poverty. On the other hand, major improvements in unemployment insurance or public pension programs could lead to a significant decline in poverty.

To get an idea of the possibilities, the National Council of Welfare recalculated the 1992 poverty rates for unattached individuals and families based on hypothetical best-case and worst-case scenarios.

In the best-case scenario, we assumed that all poor people with incomes between 75 and 100 percent of the poverty line got increases in income large enough to put them over the poverty line. The number of poor unattached individuals would have fallen from 1.2 million to 698,000 under this scenario, and the number of poor families would have dropped from 991,000 to 547,000.

The worst-case scenario assumes that all people with incomes between 100 and 125 percent of the poverty line suddenly lost enough income to fall into poverty. The number of poor unattached people would have climbed from 1.2 million to 1.6 million, and the number of poor families would have gone from 991,000 to nearly 1.6 million.

Neither of these scenarios is likely to occur within the population as a whole, but there are thousands of people living near the poverty line who move in or out of poverty every year. Large numbers of seniors, for example, have incomes very close to the poverty line, and even a modest improvement in government programs for seniors could make a significant difference in the poverty rates.

POOR CANADIANS AND THEIR SOURCES OF INCOME

One measure of the financial plight of poor people is how far they live below the poverty line. Another is how their incomes compare to average incomes. Table 11 gives the average income of poor Canadians by family type in 1992, the average income of all Canadians by family type, and the relationship between the two. For example, unattached women under 65 who were poor had a total income of \$7,606 on average in 1992. The income of all unattached women under 65, both poor and non-poor, was \$22,931 on average. The income of the poor amounted to 33 percent of the income of all unattached women under 65.

TABLE 11

INCOMES OF THE POOR COMPARED TO AVERAGE INCOMES, 1992

Family Type	Average Income of Poor	Average Income of All	Income of Poor as Percentage of All
Unattached Women under 65	\$ 7,606	\$ 22,931	33 %
Unattached Men under 65	\$ 7,887	\$ 26,680	30 %
Unattached Women 65 and Older	\$ 11,716	\$ 17,358	67 %
Unattached Men 65 and Older	\$ 11,704	\$ 21,565	54 %
Childless Couples under 65	\$ 11,980	\$ 55,638	22 %
Single-Parent Mothers under 65 with Children under 18	\$ 14,078	\$ 24,077	58 %
Couples under 65 with Children under 18	\$ 17,062	\$ 60,246	28 %
Couples 65 and Older	\$ 17,235	\$ 35,539	48 %

The differences between the average incomes of the poor and all Canadians are sometimes striking. Poor couples under 65 with children under 18 had an average family income of \$17,062 in 1992, for example, while the average income of all couples with children under 18 was \$60,246 or roughly three and one-half times as large.

The differences were much less in the case of unattached seniors and single-parent mothers, because average incomes were much less. The average income for poor single-parent mothers under 65 with children under 18 was \$14,078 in 1992, but the average income of all single-parent mothers was only \$24,077 - much less than average incomes for all husband-wife families.

Obviously, many poor Canadians rely on government programs of one kind or another to help make ends meet. In some cases, the amounts provided by governments are surprisingly modest, and the amounts provided by earnings and non-government sources of income are substantial. In other cases, especially in the case of poor seniors, governments provide a very large portion of total income.

Table 12 shows the average amount of government assistance received by poor families and unattached individuals in 1992. The family types are ranked according to the amount of government assistance, with the smallest amounts first. The second column gives the average incomes of poor families and unattached individuals from all sources - the same figures as the previous table. The third column gives the percentage of total income from government sources.

Government programs of one kind or another provided 50 percent of total income on average for poor unattached men under 65 in 1992; 53 percent for poor unattached women under 65; 52 percent for poor childless couples under 65; 45 percent for poor couples under 65 with children; and 72 percent for single-parent mothers under 65 with children. They provided 90 percent of total income to poor unattached women 65 and older; 94 percent to poor unattached men 65 and older; and 88 percent to poor senior couples.

TABLE 12

GOVERNMENT ASSISTANCE TO THE POOR, BY FAMILY TYPE, 1992

Family Type	Average Government Assistance	Average Income from All Sources	Government Assistance as Percentage of Total Income
Unattached Men under 65	\$ 3,962	\$ 7,887	50%
Unattached Women under 65	\$ 4,017	\$ 7,606	53%
Childless Couples under 65	\$ 6,277	\$ 11,980	52%
Couples under 65 with Children under 18	\$ 7,662	\$ 17,062	45%
Single-Parent Mothers under 65 with Children under 18	\$ 10,134	\$ 14,078	72%
Unattached Women 65 and Older	\$ 10,584	\$ 11,716	90%
Unattached Men 65 and Older	\$ 10,955	\$ 11,704	94%
Couples 65 and Older	\$ 15,225	\$ 17,235	88%

We now turn to specific sources of income for poor people, beginning with poor seniors. One reason that poverty rates for seniors have plummeted over the years has been the variety of government programs for seniors. The old age security pension and guaranteed income supplement are paid by the federal government from general revenues. Benefits under the Canada and Quebec Pension Plans are paid by the plans from the money built up from contributions by workers and employers.

Table 13 on the next page provides a closer look at these and other common sources of income for poor senior couples and poor unattached men and women 65 and older. For each family type, there are two columns. The first column indicates the percentage of poor families or unattached individuals with income from a particular source. The second column gives the average amount received by recipients only. Poor people who did not receive a particular type of income were not included in calculating the average amount of that type of payment.

TABLE 13
SOURCES OF INCOME FOR POOR SENIORS, 1992

Source of Income	Poor Couples 65 and Older		Poor Unattached Men 65 and Older		Poor Unattached Women 65 and Older	
	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient
Old Age Pension and Guaranteed Income Supplement	95%	\$ 11,197	100%	\$ 7,753	100%	\$ 8,077
Canada and Quebec Pension Plans	77%	\$ 4,600	69%	\$ 3,606	58%	\$ 3,102
Investment Income	43%	\$ 1,651	33%	\$ 1,382	37%	\$ 1,729
Provincial Supplements	24%	\$ 1,429	25%	\$ 783	31%	\$ 724
Occupational Pension Plans	31%	\$ 2,944	21%	\$ 2,472	14%	\$ 2,550
Income from All Sources	100%	\$ 17,235	100%	\$ 11,704	100%	\$ 11,716

Almost all poor seniors got a sizable portion of their total incomes from the federal government's old age security pension and guaranteed income supplement. The reason the percentage is less than 100 percent for senior couples is probably because some were recent immigrants to Canada who did not meet the residence requirements of the programs. The maximum amount of the old age security pension and guaranteed income supplement for senior couples in 1992 was \$15,999, and the maximum amount for an unattached senior was \$9,868.

The second most important source of income, claimed by 77 percent of poor senior couples, 69 percent of poor unattached senior men and 58 percent of poor unattached senior women was benefits from the Canada Pension Plan or Quebec Pension Plan. The maximum retirement benefit under the two plans was \$7,633 in 1992, and the maximum survivor pension for a person 65 and older was \$4,608. The maximums relate to career earnings above the average wage. People who had lower earnings during their careers get lower benefits.

At least one-third of poor seniors had income from investments, but the average amounts received were modest.

The category provincial supplements refers to those provinces which have income supplements for low-income seniors in addition to the federal guaranteed income supplement. The amounts provided by these programs vary greatly from province to province, and the amounts received were small on average.

Finally, a fairly small proportion of poor seniors had income from occupational pension plans. Poor coverage has been a long-term problem of occupational pension plans, and Table 13 shows how little retirement income the plans provided to people who retired at the low end of the income scale.

A different picture emerges when we look at sources of income for poor people under 65. Earned income is often the major source of income, although welfare and unemployment insurance benefits are also important. Details are provided in Table 14 on the next page.

Generally speaking, the recession of 1990-1991 tended to reduce the percentage of poor people with earned income and to increase the percentage who had to fall back on welfare. The percentage of people on unemployment insurance was generally up in 1990 and 1991, but a bit lower in 1992. Possibly, some UI recipients had exhausted their benefits and had to fall back on welfare.

TABLE 14

SOURCES OF INCOME FOR POOR FAMILIES AND INDIVIDUALS UNDER 65, 1992

Source of Income	Unattached Men		Unattached Women		Couples without Children		Couples with Children		Single-Parent Mothers	
	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient
Earnings	60%	\$ 5,824	54%	\$ 5,938	58%	\$ 7,913	83%	\$ 10,517	43%	\$ 6,933
Welfare	42%	\$ 5,500	35%	\$ 5,569	36%	\$ 6,987	34%	\$ 8,165	69%	\$ 9,421
Unemployment Insurance	16%	\$ 4,195	10%	\$ 4,322	19%	\$ 4,836	30%	\$ 5,188	14%	\$ 5,007
Investment Income	14%	\$ 1,539	18%	\$ 1,956	23%	\$ 2,598	22%	\$ 1,637	9%	\$ 1,460
Family Allowances	--	--	--	--	--	--	97%	\$ 1,042	97%	\$ 898
Child Tax Credit	--	--	--	--	--	--	90%	\$ 1,320	100%	\$ 1,109
Canada and Quebec Pension Plans	6%	\$ 5,034	15%	\$ 4,744	20%	\$ 6,059	4%	\$ 4,570	3%	\$ 4,355
Occupational Pension Plans	1%	\$ 5,460	5%	\$ 4,909	7%	\$ 5,496	--	--	--	--
Income from All Sources	100%	\$ 7,887	100%	\$ 7,606	100%	\$ 11,980	100%	\$ 17,062	100%	\$ 14,078

Earnings were the single most important source of income in 1992 for four of the five family types listed in Table 14, and they were the second most important source of income for poor single-parent families led by women. Earnings were reported by 60 percent of poor unattached men under 65; 54 per cent of poor unattached women under 65; 58 percent of poor childless couples under 65; 83 percent of poor couples under 65 with children under 18; and 43 percent of poor single-parent mothers under 65 with children under 18. The average amounts received in earnings were noteworthy, but modest, in all cases. The average of \$6,933 earned by poor single-parent mothers, for example, was roughly equivalent to 35 weeks of work for 40 hours a week at a rate of \$5 an hour or roughly 17 weeks of full-time work at \$10 an hour.

A sizable portion of each of the five family types received welfare during 1992. Welfare payments were reported by 42 percent of the poor unattached men under 65; 35 percent of the poor unattached women under 65; 36 percent of the poor childless couples under 65; 34 percent of the poor couples under 65 with children under 18; and 69 percent of the poor single-parent mothers under 65 with children under 18. Judging by the average amounts received, many of the poor unattached men and women and the poor single-parent families were on welfare much of the year. Poor couples, with or without children, seem to have spent less time on welfare on average. As the National Council of Welfare reported in Welfare Incomes 1992, unattached people could have received provincial welfare and related benefits ranging between \$3,048 and \$8,186 a year, single parents with one child between \$8,304 and \$14,817, and couples with two children \$9,318 to \$19,765.³

Unemployment insurance payments were reported by 16 percent of the poor unattached men under 65; 10 percent of the poor unattached women under 65; 19 percent of the poor childless couples under 65; 30 percent of the poor couples under 65 with children under 18; and 14 percent of the poor single-parent mothers under 65 with children under 18. As in the case of earnings, the average amounts received suggest that poor families or unattached people were on UI for fairly long periods of time. In 1992, unemployment insurance paid recipients 60 percent of their normal wages to a maximum benefit of \$426 a week.

A relatively small percentage of poor families and unattached individuals under 65 had income from investments.

Federal family allowances and child tax credits were received by most of the poor families with children under 18. For some reason, the percentage receiving these benefits was often less than 100 percent. Family allowances in most parts of Canada amounted to \$419 for each child under 18 in 1992.⁴ The maximum child tax credit received in 1992 was \$807 in the case of a child under age seven and \$596 for each child seven through 17. Beginning in 1993, family allowances and the child tax credit were replaced by the federal child tax benefit.

Canada and Quebec Pension Plan benefits were claimed by 15 percent of poor unattached women under 65, 20 percent of poor couples under 65 without children, and much smaller percentages of the three other family types. The Survey of Consumer Finances does not specify the type of benefit, but they could be people between 60 and 65 who took early retirement, widows or widowers who received survivor pensions from the plans, or people who got disability pensions.

Similarly, people who got money from occupational pension plans could have received retirement, survivor or disability pensions.

The National Council of Welfare asked Statistics Canada to do a special search of the survey records to see how many poor single-parent mothers with children under 18 reported spousal support or child support payments as a miscellaneous source of income. The records search revealed that only 14 percent reported "other" income that included spousal or child support, and the amount of other income reported by recipients was \$4,719 on average.

The poverty rate for the families led by single-parent mothers who reported receiving spousal or child support was 41.9 percent, while the rate for other families led by single-parent mothers with children under 18 was 62.3 percent.

The data also suggest that support payments tend to decrease reliance on welfare. Fifty-four percent of the poor families which mentioned spousal or child support relied on welfare sometime in 1992, and the average amount of welfare received was \$7,816. For the poor families who did not report spousal or child support, the percentage relying on welfare was 71.4 percent and the average amount of welfare received was \$9,617.

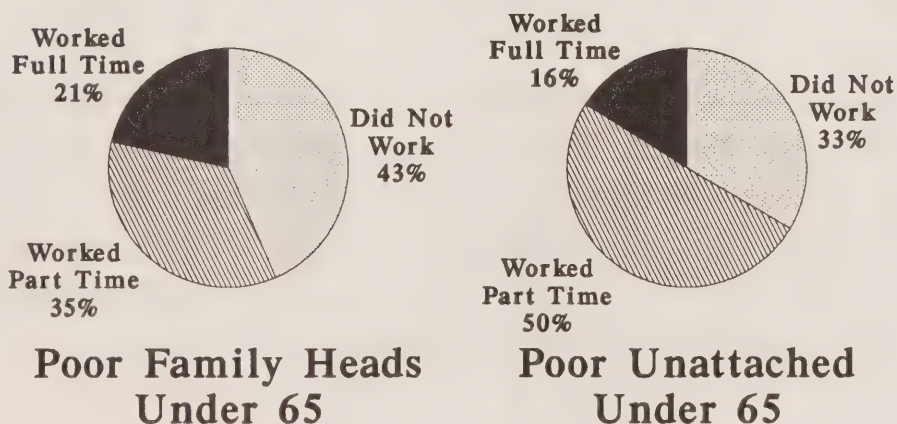
A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST

The Working Poor

The term "working poor" refers to poor people who are normally in the labour force, but there is no precise definition that is generally accepted by researchers. Some researchers reserve the term for poor people who have full-time jobs for virtually the entire year. Others include poor people who have strong ties to the labour market regardless of the number of weeks worked or the normal hours of work each week.⁵

Graph X gives a breakdown of poor family heads and unattached individuals who worked full time or part time or did not work at all for wages during 1992. In these calculations, Statistics Canada excluded family heads and unattached individuals 65 and older, as well as younger people who reported that they were permanently unable to work.

Work Activity by Family Heads and Unattached People, 1992



Graph X

Full time means the person worked at least 49 weeks during the year and the normal work week was 30 hours or more. Part time means the person worked less than 49 weeks a year or less than 30 hours a week.

Overall, 21 percent of poor family heads under 65 worked full time in 1992, 35 percent worked part time and the remaining 43 percent did not work at all. Among poor unattached individuals under 65, 16 percent worked full time, 50 percent worked part time and the other 33 percent did not work at all.

These figures reflect a deterioration in the employment patterns of poor people since the publication of Poverty Profile, 1980-1990, presumably due to the recession and its aftermath. In 1990, 27 percent of poor family heads worked full time, 40 percent worked part time and 33 percent did not work. The comparable 1990 figures for poor unattached individuals were 19 percent who worked full time, 54 percent who worked part time and 27 percent who did not work.

Another way to define working poor is families and unattached individuals living below the poverty line who get at least half of their total income from employment. This definition puts aside the distinction between full-time and part-time work and focuses on poor people who spend a substantial part of the year in paid jobs.

Table 15 on the next page shows the working poor by family type using this second definition. As in Graph X, the table excludes people 65 and older and people permanently unable to work.

Earnings were the most important source of income for a sizable portion of four of the five family types shown. Fifty-one percent of the poor unattached men under 65, 46 percent of the poor unattached women, 45 percent of the poor couples without children and 64 percent of the poor couples with children were working poor. The exception to the rule was single-parent mothers. Only 19 percent of the poor single-parent mothers under 65 with children under 18 got half or more of their total income from earnings.

TABLE 15

**POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65
WITH EARNINGS OF 50 PERCENT OR MORE OF TOTAL INCOME, 1992**

	Unattached Men	Unattached Women	Childless Couples	Couples with Children	Single-Parent Mothers
Total Number of Poor Families or Unattached People*	381,000	360,000	118,000	290,000	296,000
Number with Earnings of 50 Percent or More of Total Income	194,000	166,000	53,000	185,000	56,000
Percentage with Earnings of 50 Percent or More of Total Income	51%	46%	45%	64%	19%
Average Annual Earnings	\$ 7,216	\$ 7,208	\$ 10,202	\$ 12,735	\$ 11,781
Average Income from Sources Other than Earnings	\$ 1,163	\$ 957	\$ 2,135	\$ 4,638	\$ 4,348
Average Total Income	\$ 8,379	\$ 8,165	\$ 12,237	\$ 17,373	\$ 16,129
Earnings as a Percentage of Total Income	86%	88%	83%	73%	73%

* The table excludes people 65 and older and people permanently unable to work.

The lower part of Table 15 shows the average incomes of the working poor and the importance of their earnings. Average earnings for unattached men and women, for example, were the equivalent of 36 weeks of work at \$5 an hour for 40 hours a week. Average earnings for families were substantially higher, suggesting that family heads either received higher wage rates or had a second wage-earner in the family.

The table also suggests that few working poor families or unattached people relied very much on welfare or unemployment insurance, since the average amounts of income aside from earnings were small. Probably most of the other income came from programs such as the federal GST credit or federal family child benefits.

Although the figures were limited to poor people with earnings that amounted to at least half of total income, the last row of the table shows that a much larger portion of total income typically came from earnings. Earnings accounted for between 73 percent and 88 percent on average of total income for the different family types.

Children

Child poverty rates are a reflection of parental poverty rates and tend to rise or fall as economic conditions deteriorate or improve. The most striking difference year after year is the huge gulf between the poverty rates for children in two-parent families and the rate for children of single-parent mothers. There are also important differences from province to province.

Table 16 on the next page gives the 1992 poverty rates and number of children living in poverty by family type and province. The category "poor children in all family types" includes a small number of children who do not fall into either of the two main family types listed. The national total of 1,218,000 poor children, for example, included 65,000 poor children under 18 living in less common family circumstances. Some of them lived with single-parent fathers under 65, parents who were 65 or older, or relatives other than parents.

In 1992, 18.2 percent of all Canadian children under 18 were poor. The lowest provincial child poverty rate was 12.9 percent in Prince Edward Island, and the highest was 25.4

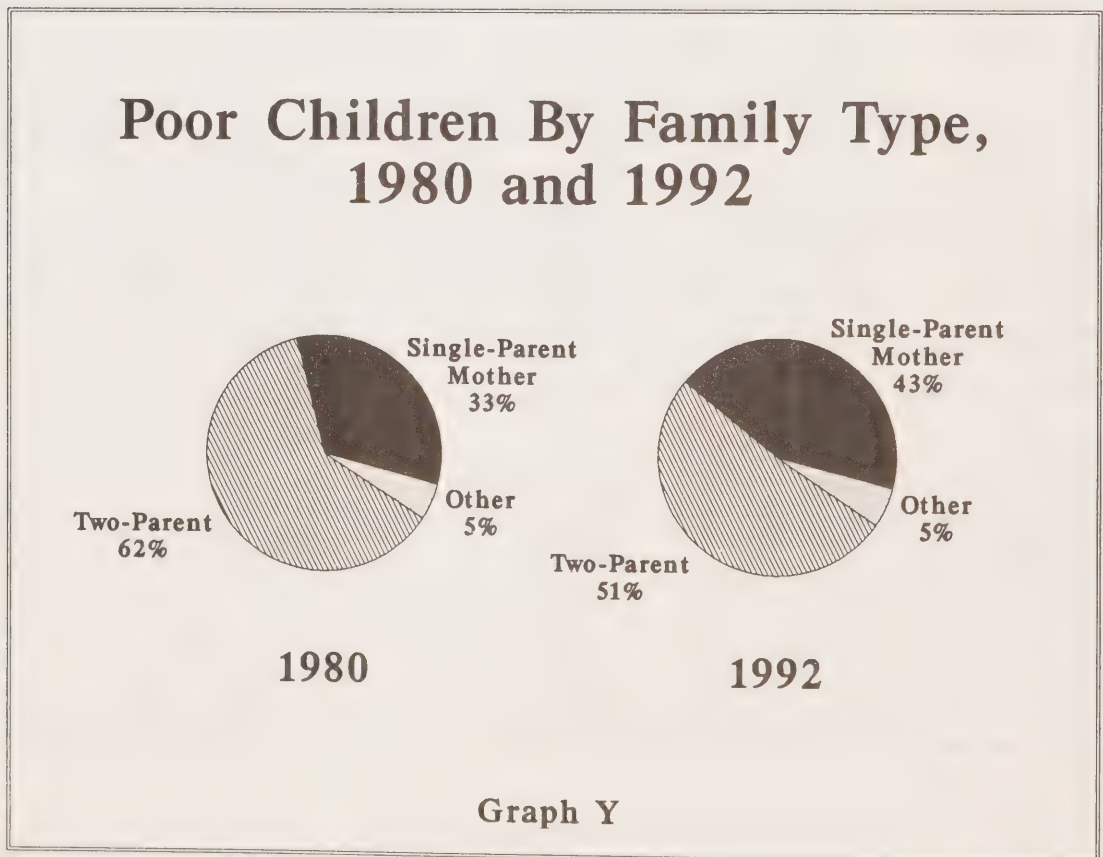
percent in Newfoundland. The national poverty rate for poor children in two-parent families was 11.2 percent, and provincial rates went from a low of 8.2 percent in P.E.I. to a high of 20.3 percent in Newfoundland. The poverty rates for children of single-parent mothers were abysmally high. The national rate was 61.2 percent, and the range was from 47.1 percent in Prince Edward Island to 72.8 percent in New Brunswick and 73 percent in Newfoundland.

TABLE 16
CHILDREN UNDER 18 LIVING IN POVERTY IN 1992

	Poor Children in All Family Types		Poor Children of Two-Parent Families under 65		Poor Children of Single-Parent Mothers under 65	
	Poverty Rate	Number of Children	Poverty Rate	Number of Children	Poverty Rate	Number of Children
Newfoundland	25.4%	39,000	20.3%	28,000	73.0%	10,000
Prince Edward Island	12.9%	5,000	8.2%	3,000	47.1%	2,000
Nova Scotia	19.7%	41,000	10.0%	17,000	70.4%	22,000
New Brunswick	15.5%	27,000	8.9%	14,000	72.8%	12,000
Quebec	17.5%	293,000	9.5%	131,000	67.0%	152,000
Ontario	15.8%	387,000	9.4%	193,000	54.2%	170,000
Manitoba	22.4%	60,000	18.1%	42,000	64.0%	16,000
Saskatchewan	21.7%	58,000	15.7%	35,000	64.0%	20,000
Alberta	23.3%	162,000	14.6%	83,000	69.4%	67,000
British Columbia	18.7%	146,000	12.3%	80,000	54.7%	57,000
Canada	18.2%	1,218,000	11.2%	626,000	61.2%	528,000

One of the long-standing myths about child poverty is that most poor children live in single-parent households. Table 16 shows that this is not the case for Canada as a whole. In 1992, 626,000 poor children lived in two-parent families, while 528,000 poor children lived in single-parent families headed by women. The two provinces that proved to be exceptions to the norm were Nova Scotia and Quebec. Poor children living with single-parent mothers outnumbered poor children in two-parent families 22,000 to 17,000 in Nova Scotia and 152,000 to 131,000 in Quebec.

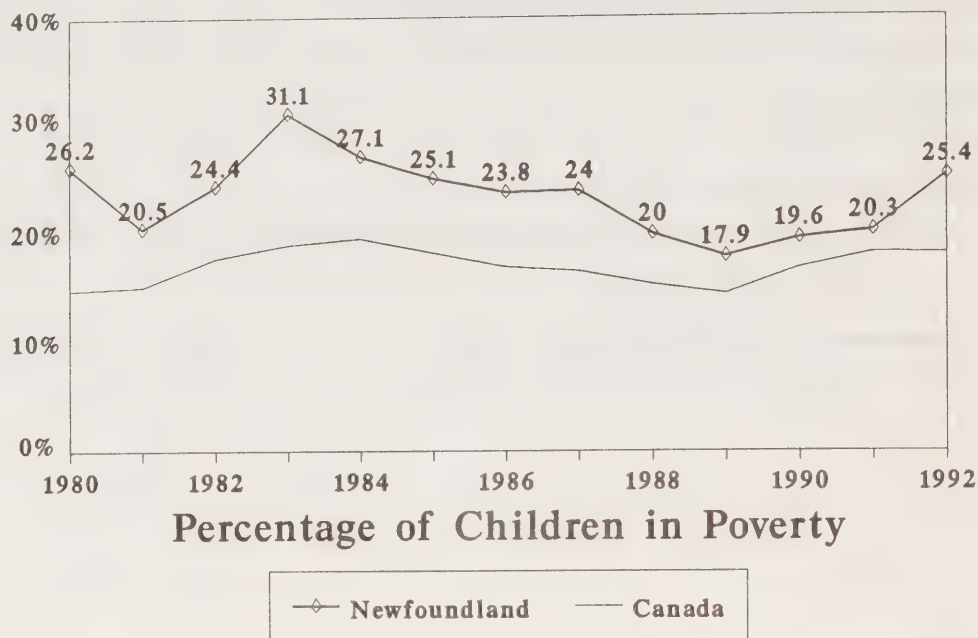
Nonetheless, the proportion of poor children living with single-parent mothers has grown substantially in recent years. As Graph Y shows, 33 percent of all poor children in 1980 lived in families headed by single-parent mothers, and most of the rest lived in two-parent families. By 1992, the percentage of poor children with single-parent mothers was up to 43 percent and the percentage living with both parents was down to 51 percent.



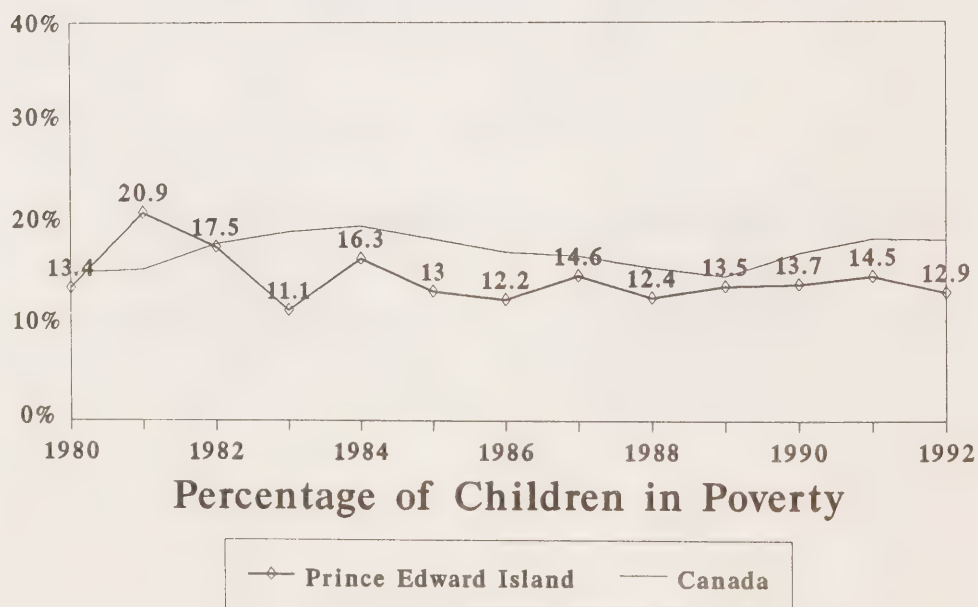
Provincial trends in child poverty are shown in the graphs on the following five pages. Each graph gives overall child poverty rates from 1980 through 1992. For purposes of comparison, each graph also contains a line without percentages that traces the national child poverty rate.

Prince Edward Island and Ontario had child poverty rates that were below average for all or most of the period. Newfoundland, Quebec, Manitoba and Saskatchewan were generally higher than average. Rates in Alberta rose to higher than average by the late 1980s and hit a modern-day high of 23.3 percent in 1992. Rates in New Brunswick fell to below average in 1991 and 1992, and the 1992 figure of 15.5 percent was a modern-day low.

Newfoundland

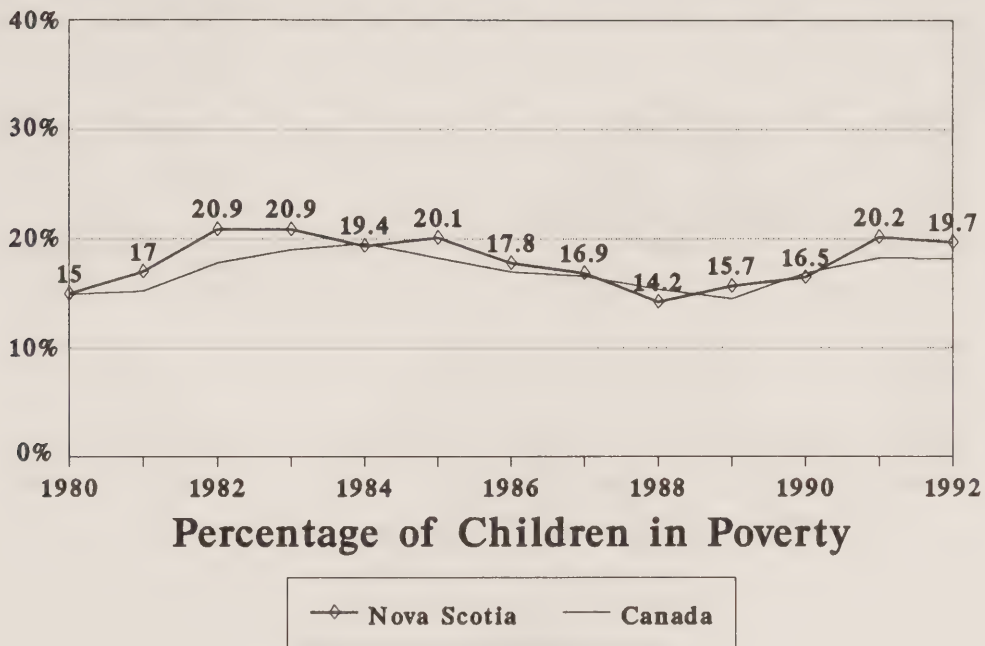


Prince Edward Island

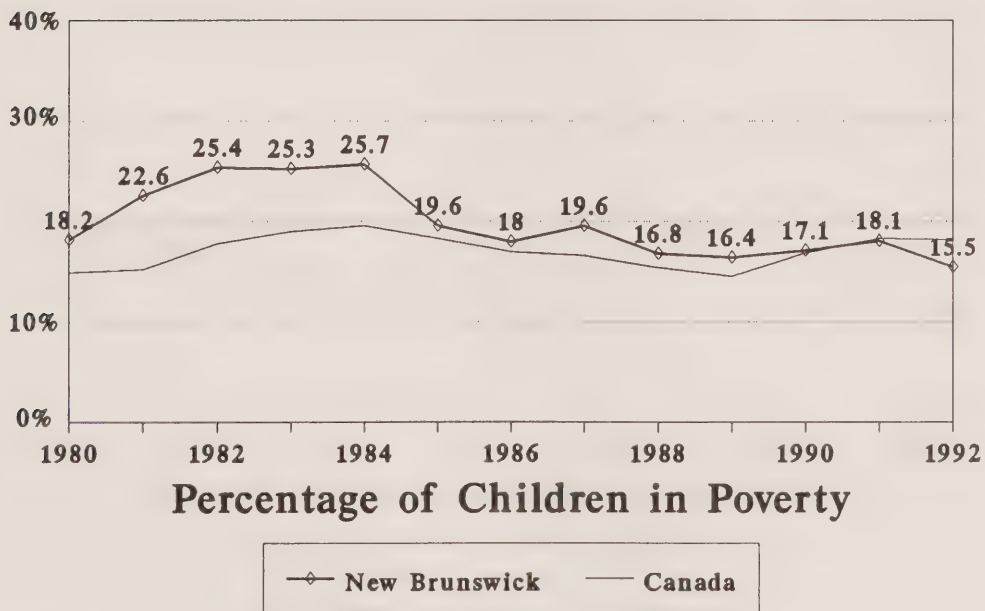


Graph Z

Nova Scotia

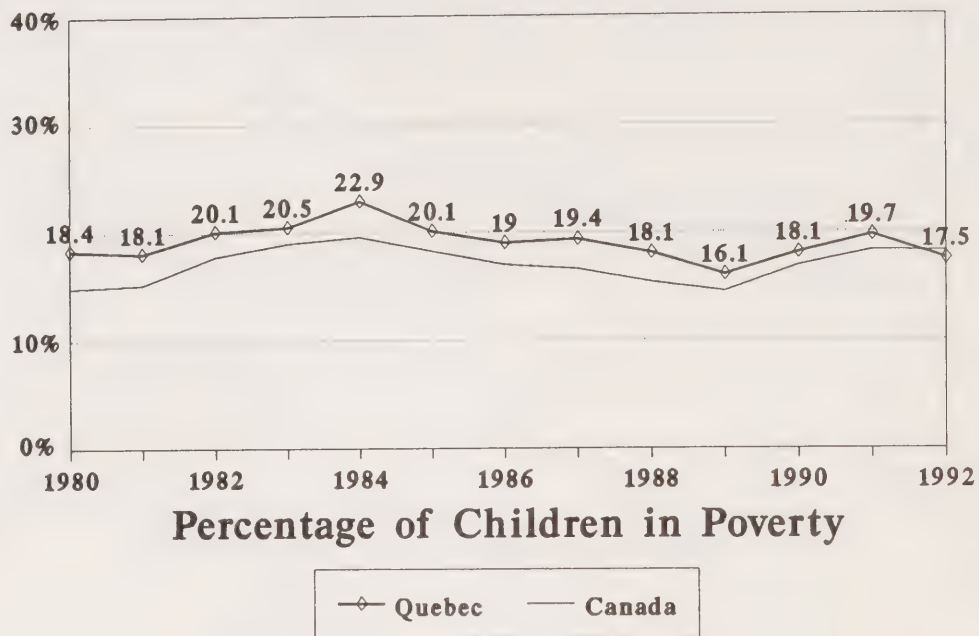


New Brunswick

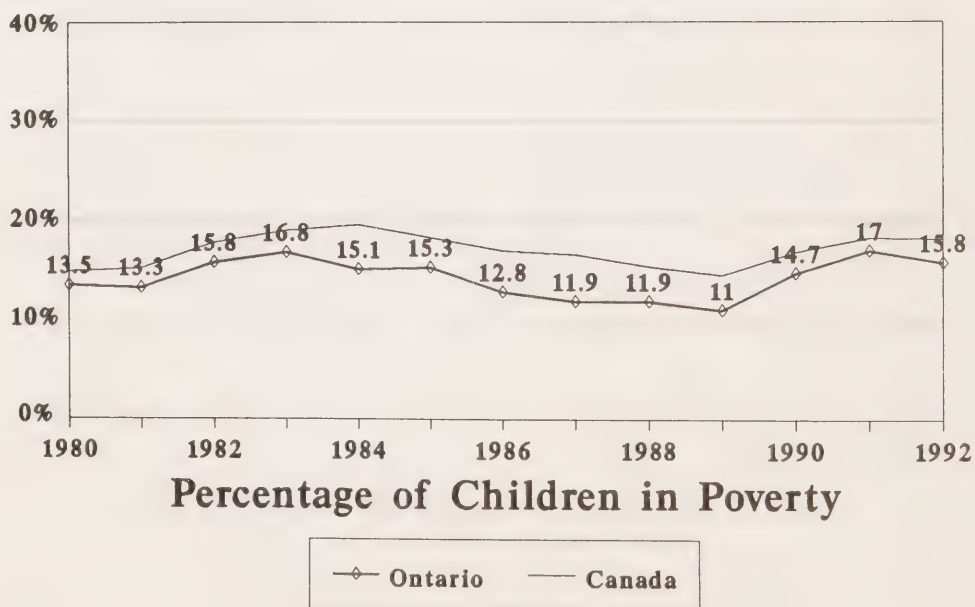


Graph AA

Quebec

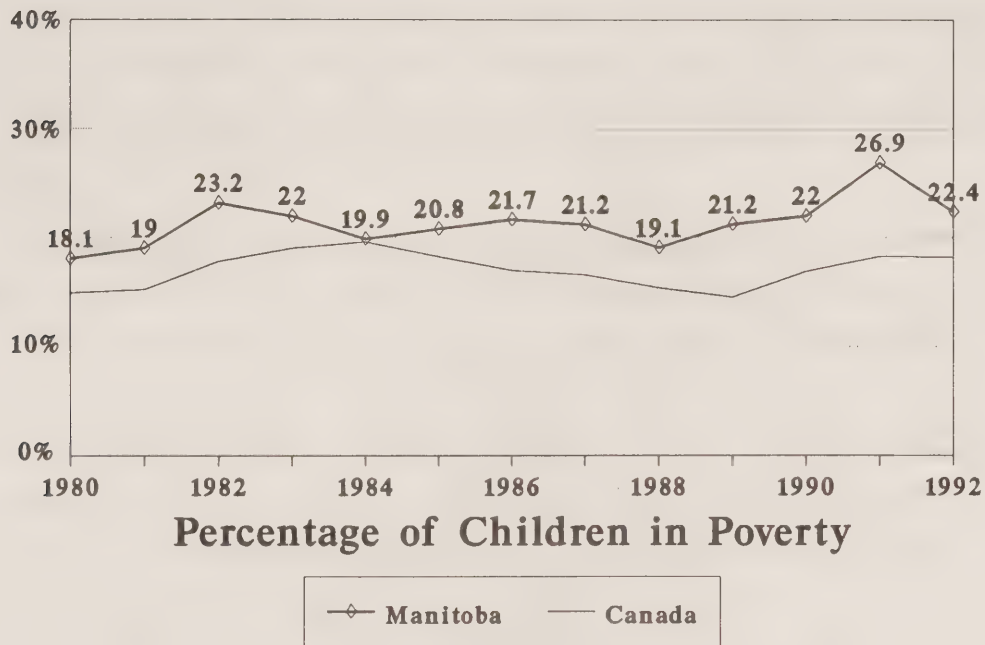


Ontario

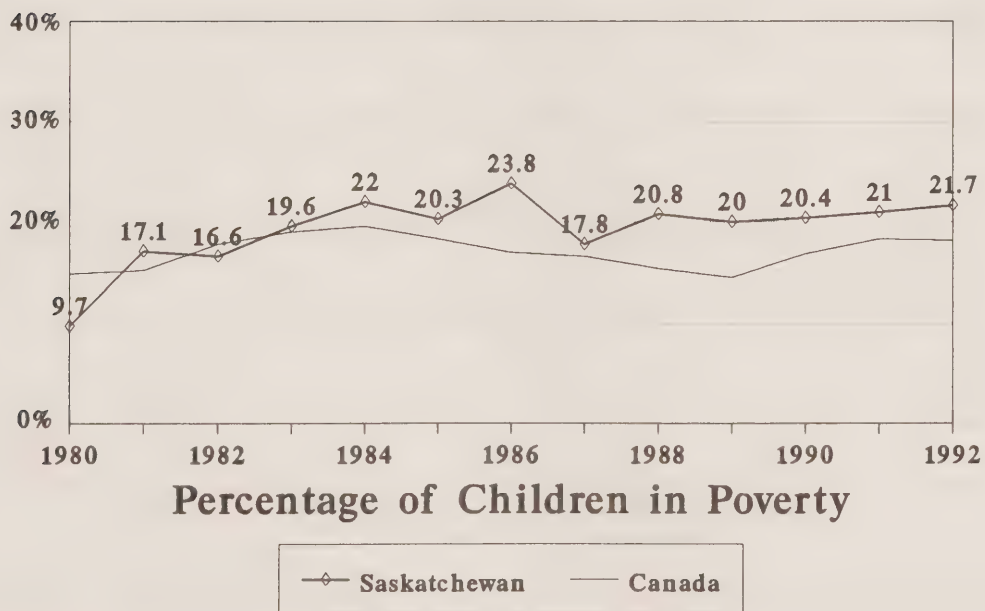


Graph AB

Manitoba

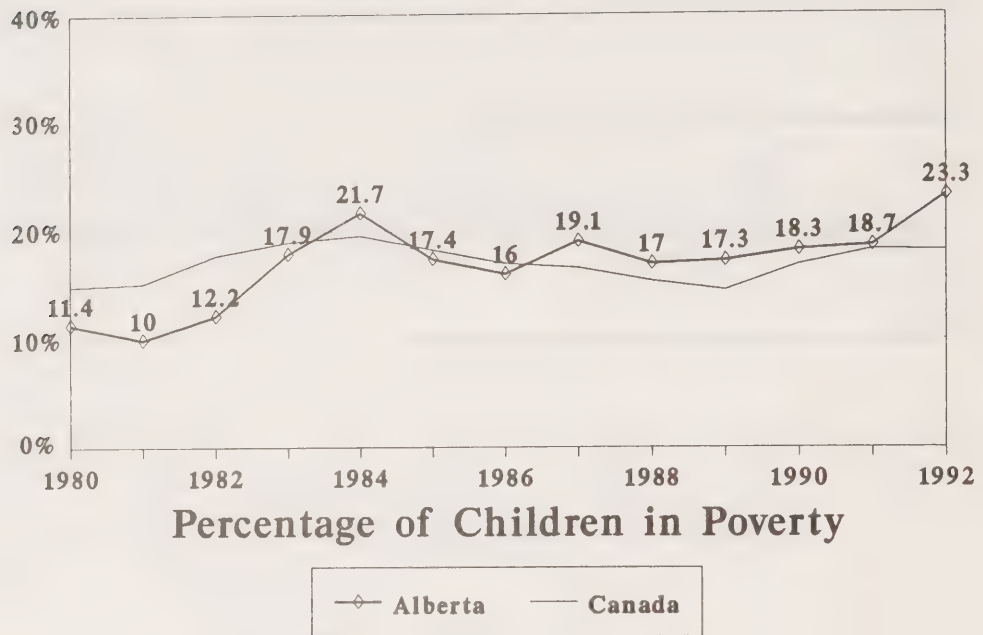


Saskatchewan

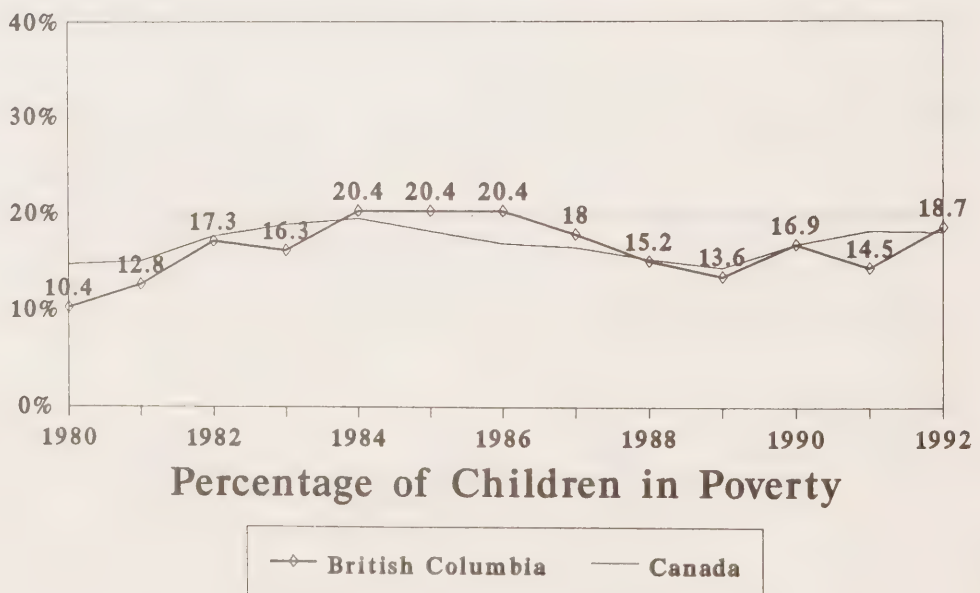


Graph AC

Alberta



British Columbia



Women

As we showed earlier, women face a significantly higher risk of poverty than men. Table 17 gives the poverty rates for women and men age 18 and older for the years 1980 through 1992, and ratio of female to male rates each year.

<u>TABLE 17</u>					
<u>TRENDS IN POVERTY AMONG WOMEN AND MEN 18 AND OLDER</u>					
	Adult Women		Adult Men		Ratio of Female to Male Poverty Rates
	Poverty Rate	Number of Poor	Poverty Rate	Number of Poor	
1980	18.0%	1,565,000	12.7%	1,058,000	1.42
1981	17.8%	1,567,000	12.6%	1,063,000	1.40
1982	18.1%	1,624,000	13.6%	1,160,000	1.33
1983	20.1%	1,836,000	15.4%	1,334,000	1.30
1984	19.7%	1,817,000	14.9%	1,304,000	1.31
1985	18.8%	1,754,000	14.0%	1,240,000	1.34
1986	17.7%	1,677,000	13.4%	1,197,000	1.31
1987	17.4%	1,673,000	12.9%	1,176,000	1.34
1988	17.1%	1,664,000	11.7%	1,081,000	1.46
1989	15.5%	1,534,000	10.7%	1,001,000	1.45
1990	16.2%	1,622,000	11.3%	1,079,000	1.43
1991	17.3%	1,767,000	12.7%	1,234,000	1.36
1992	17.4%	1,804,000	13.1%	1,289,000	1.33

In 1980, the poverty rate for adult women was 18 percent, the rate for adult men was 12.7 percent, and the rate for women was 1.42 times the rate for men. In 1992, the poverty rate for women was 17.4 percent, the rate for men was 13.1 percent and the ratio between the sexes was 1.33.

The year-to-year poverty rates for women and men tend to follow the ups and downs in the economy. The gap between the sexes appears to narrow slightly in tough economic times, but the changes in the ratio are small.

Most of the differences between the sexes can be explained by the high poverty rates of three family types: unattached women under 65, unattached women 65 and older, and single-parent mothers under 65 with children under 18. The 1992 poverty rate for unattached women under 65 was 37.6 percent, compared to 31.7 percent for unattached men under 65. For unattached seniors, the poverty rates were 45.2 percent for women and 29.2 percent for men. Single-parent families led by women with children under 18 had a poverty rate of 58.4 percent in 1992, a rate many times higher than the rates for married couples.

Aside from these three high-risk groups of women, there were no significant differences in the poverty rates for adult women and men. The vast majority of families are husband-wife families, and the poverty rates for husbands and wives are identical in all these cases.

In younger husband-wife families, one fact that deserves special mention is the role women play in keeping their families out of poverty through their earnings. Although women earn less on average than men and face a number of barriers to equal participation in the labour force, their contribution is essential in keeping family poverty rates low.

To get a better idea of the importance of the earnings of married women, we asked Statistics Canada to take its 1992 income data on husband-wife families under age 65, subtract the earnings of the wives, and calculate hypothetical poverty rates for families with the wives' earnings removed. The results appear in Table 18.

The actual 1992 poverty rate for all husband-wife families under age 65 was 9 percent, and a total of 473,000 families were living in poverty. With the earnings of wives removed and

everything else remaining the same, the poverty rate would have jumped to 19.3 percent, and the number of families living in poverty would have more than doubled to 1,016,000.

The pattern was more or less the same across the country. If wives had stayed out of the paid labour force in 1992, poverty rates and the number of poor families would have been much higher in all provinces.

<p><u>TABLE 18</u></p> <p><u>POVERTY RATES FOR FAMILIES WITH TWO SPOUSES UNDER AGE 65, WITH AND WITHOUT THE EARNINGS OF WIVES, 1992</u></p>		
	Percentage of Families Who Were Poor in 1992	Percentage of Families Who Would Have Been Poor Without the Earnings of Wives
Newfoundland	14.3%	21.3%
Prince Edward Island	5.8%	15.0%
Nova Scotia	8.5%	17.5%
New Brunswick	7.7%	15.1%
Quebec	9.7%	21.4%
Ontario	7.5%	17.4%
Manitoba	11.4%	24.8%
Saskatchewan	11.2%	23.3%
Alberta	10.9%	22.5%
British Columbia	9.1%	16.5%
Canada	9.0%	19.3%

Seniors

Poverty rates for seniors have fallen sharply in every province in line with the national trend described earlier in this report, and the size of some of the reductions is almost breathtaking. Most of the figures for 1992 were record lows or near-record lows. However, major differences remain in the extent of poverty among seniors in different provinces.

Table 19 gives the poverty rates for senior men and women in each province in 1980 and 1992 and the percentage decline over the period. In most provinces, the rates for men dropped faster than the rates for women.

<p>TABLE 19</p> <p><u>POVERTY RATES FOR MEN AND WOMEN 65 AND OLDER BY PROVINCE</u></p>						
	Men			Women		
	1980	1992	Percent Change	1980	1992	Percent Change
Newfoundland	27.6	18.1	-34%	36.9	23.1	-37%
Prince Edward Island	33.7	6.4	-81%	52.7	11.9	-77%
Nova Scotia	22.8	7.6	-67%	31.5	25.1	-20%
New Brunswick	22.1	5.4	-76%	34.2	16.5	-52%
Quebec	33.7	19.4	-42%	46.2	32.3	-30%
Ontario	24.0	7.6	-68%	34.3	18.9	-45%
Manitoba	23.8	16.3	-32%	41.2	24.4	-41%
Saskatchewan	28.1	5.4	-81%	49.0	13.4	-73%
Alberta	25.2	15.8	-37%	38.8	26.0	-38%
British Columbia	29.6	14.8	-50%	32.7	21.7	-34%
Canada	27.3	12.4	-55%	38.4	23.3	-39%

In 1992, New Brunswick and Saskatchewan had the lowest poverty rates for senior men at 5.4 percent, and Quebec had the highest at 19.4 percent. Prince Edward Island had the lowest poverty rate for senior women at 11.9 percent and Quebec had the highest at 32.3 percent.

Over the years, poverty rates for both senior men and women have been well below the national average in P. E. I., Nova Scotia, New Brunswick, Ontario and Saskatchewan, and well above average in Quebec. One possible explanation for Quebec's high rates is the lack of any provincial income supplement for low-income seniors to complement the federal guaranteed income supplement. On the other hand, poverty rates for seniors are relatively low in New Brunswick, which also has no provincial income supplement for its poor seniors.

FOOTNOTES

1. The methodology used to set the 1992 base low income cut-offs is the same. However, the survey data estimated average expenditures on food, shelter and clothing at 34.7 percent of total income, so it was assumed that low-income people would spend 54.7 percent or more of their incomes on necessities.
2. Detailed depth of poverty statistics were published by Statistics Canada in May 1992 in a monograph entitled LICO/LIM Income Deficiency/Surplus Tables 1980-1990.
3. The income ranges were taken from Table 5 of Welfare Incomes 1992. They are made up of provincial welfare and other provincial benefits. Federal family allowances, child tax credits and sales tax credits are not included.
4. Quebec and Alberta had the federal government pay different rates for family allowances. Payments in Alberta varied with the age of the child, and payments in Quebec varied with the age of the child and the number of children in a family.
5. For a very strict definition of the term, see Ross, David P., and E. Richard Shillington, The Canadian Fact Book on Poverty - 1989 (Ottawa/Montreal: The Canadian Council on Social Development, 1989), p. 57. For a very loose definition, see Gunderson, Morley, and Leon Muszynski with Jennifer Keck, Women and Labour Market Poverty (Ottawa: Canadian Advisory Council on the Status of Women, 1990), pp. 57-61.

APPENDIX

STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1993

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	15,452	13,572	13,259	12,087	10,520
2	20,945	18,398	17,973	16,383	14,261
3	26,624	23,385	22,844	20,824	18,126
4	30,655	26,922	26,302	23,977	20,869
5	33,492	29,416	28,737	26,196	22,801
6	36,356	31,928	31,192	28,434	24,749
7+	39,101	34,343	33,551	30,585	26,620

**NATIONAL COUNCIL OF WELFARE ESTIMATES OF
STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1994***

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	15,576	13,681	13,365	12,184	10,604
2	21,113	18,545	18,117	16,514	14,375
3	26,837	23,572	23,027	20,991	18,271
4	30,900	27,137	26,512	24,169	21,036
5	33,760	29,651	28,967	26,406	22,983
6	36,647	32,183	31,442	28,661	24,947
7+	39,414	34,618	33,819	30,830	26,833

* based on inflation of 0.8 percent as forecast in the 1994 budget speech

NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources Development on matters of concern to low-income Canadians.

The Council consists of 21 members, drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

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National Council of Welfare

Spring 1995

Canada

POVERTY PROFILE 1993

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TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTION	1
METHODOLOGY AND DEFINITIONS	2
RECENT POVERTY TRENDS	6
Poverty Trends for Individual Canadians	6
Poverty Trends for Families and Unattached Individuals	11
VIEW FROM THE PROVINCES	17
SNAPSHOTS OF POVERTY IN 1993	30
Family Type	30
Additional Differences by Age, Sex and Family Type	32
Work Activity	34
Number and Age of Children	36
Education	38
Homeowners and Renters	40
Year of Immigration	42
Area of Residence	43
DEPTH OF POVERTY, THE POVERTY GAP AND NEAR POVERTY	44
POOR CANADIANS AND THEIR SOURCES OF INCOME	49
A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST	57
The Low-Wage Poor	57
Children	60
Women	69
Seniors	72
FOOTNOTES	74
APPENDIX	75

INTRODUCTION

Poverty Profile 1993 is the latest in a series of reports by the National Council of Welfare on poverty in Canada. It includes both national and provincial statistics for 1993 and trends dating back as far as 1980.

Like its predecessors, this report is an analysis of factual material collected by Statistics Canada. It shows which groups of Canadians were poor at a given point in time. However, it does not dwell on the causes of their poverty, and it makes no specific proposals for fighting poverty. Detailed recommendations can be found in other reports by the National Council of Welfare, including A Blueprint for Social Security Reform, Welfare in Canada: The Tangled Safety Net, Women and Poverty Revisited, Pension Reform and Fighting Child Poverty.

Poverty Profile 1993 contains detailed information on poverty by family type, sex, age, education and a host of other variables. It has data on the depth of poverty - that is, how far the incomes of poor people fall beneath the poverty line. There is information about the average incomes of poor people and their main sources of income. One chapter focuses on four groups of special concern: the low-wage poor, children, women and seniors.

The National Council of Welfare hopes this report will shed additional light on a subject that should be close to the hearts of Canadians. One out of every six Canadians was poor at last count, and many more have personal knowledge of poverty because of the financial hardships facing friends, neighbours or relatives who are poor - usually for reasons well beyond their control.

METHODOLOGY AND DEFINITIONS

Every year, Statistics Canada conducts a household survey known as the Survey of Consumer Finances to obtain information on the distribution of income and the nature and extent of poverty in Canada. The survey on which this report is based, conducted in April of 1994, sampled 36,892 private households from all parts of the country except for Yukon, the Northwest Territories, Indian reserves, and institutions such as prisons, mental hospitals, and homes for the elderly. The survey looked at incomes for the 1993 calendar year.

The results were published by Statistics Canada under the title Income Distributions by Size in Canada, 1993. That publication and a companion booklet entitled Low Income Persons, 1980-1990 are major sources for this report. Statistics Canada also provided previously unpublished data to the National Council of Welfare. We are grateful for the assistance provided by officials of the bureau, especially Kevin Bishop and Edith Lamoureux of the Income and Housing Surveys Section. The analysis and interpretation of the data, however, is the responsibility of the National Council of Welfare, not Statistics Canada.

Information about poverty is obtained by comparing the survey data with the low income cut-offs of Statistics Canada. The cut-offs represent levels of gross income where people spend disproportionate amounts of money for food, shelter and clothing. The bureau has decided over the years - somewhat arbitrarily - that 20 percentage points is a reasonable measure of the additional burden. The average Canadian family spent 36.2 percent of gross income on food, shelter and clothing according to 1986 data on spending patterns, so it was assumed that low-income Canadians spent 56.2 percent or more on the necessities of life.

The low income cut-offs vary by the size of the family unit and the population of the area of residence. There are seven categories of family size, from one person to seven or more persons, and five community sizes ranging from rural areas to cities with 500,000 or more residents. The result is a set of 35 cut-offs. The cut-offs are updated annually by Statistics Canada using the Consumer Price Index.

The cut-offs used in this report for the year 1993 are technically known as the 1986 base cut-offs, because of the year in which spending on food, shelter and clothing was surveyed. The

entire set of 35 cut-offs for 1993 appears below as Table 1. Comparable cut-offs for 1994 and the National Council of Welfare's estimates of the cut-offs for 1995 appear in the appendix of this report.

TABLE 1

STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1993

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	\$ 15,452	\$ 13,572	\$ 13,259	\$ 12,087	\$ 10,520
2	20,945	18,398	17,973	16,383	14,261
3	26,624	23,385	22,844	20,824	18,126
4	30,655	26,922	26,302	23,977	20,869
5	33,492	29,416	28,737	26,196	22,801
6	36,356	31,928	31,192	28,434	24,749
7+	39,101	34,343	33,551	30,585	26,620

Over the years, Statistics Canada has published several other sets of low income cut-offs, and the bureau started using 1992 base cut-offs as its preferred measure in Income Distributions by Size in Canada, 1992. Readers are cautioned that the poverty statistics in this report using the 1986 base cut-offs differ slightly from reports using the 1992 base cut-offs.¹

For the time being, the National Council of Welfare plans to continue using the 1986 base cut-offs. Other recent reports published by the Council use the 1986 base cut-offs, and a switch in base years could be confusing to readers.

The National Council of Welfare, like many other social policy groups, regards the low income cut-offs as poverty lines and uses the term poor and low-income interchangeably. Statistics Canada takes pains to avoid references to poverty. It says the cut-offs have no official status, and it does not promote their use as poverty lines.

Regardless of the terminology, the cut-offs are a useful tool for defining and analyzing the significantly large portion of the Canadian population with low incomes. They are not the only measures of poverty used in Canada, but they are the most widely accepted and are roughly comparable to most alternative measures.

Poverty statistics are often broken down according to families and unattached individuals. The survey which gathered the data defined a family as "a group of individuals sharing a common dwelling unit and related by blood, marriage or adoption." Most of the data in this report is expressed in terms of families rather than the number of people in family units. An unattached individual is defined as a "person living alone or in a household where he/she is not related to other household members."

A poor or low-income family has an income below the poverty line, while a "non-poor" family has an income above the poverty line. The same applies for unattached individuals.

Poverty rates compare the number of poor persons, families or unattached individuals in a particular category to all the persons, families or unattached individuals in the same category. For example, there were an estimated 323,000 poor families with children under 18 headed by a female single parent under age 65 in 1993. The estimated total number of families with children under 18 headed by a female single parent under 65 was 540,000. The poverty rate was 323,000 divided by 540,000 or 59.8 percent.

Sometimes, the terms incidence of poverty or risk of poverty are used instead of the poverty rate. The meaning of all three terms is the same.

Income refers to money income reported by all family members 15 years or older and includes gross wages and salaries, net income from self-employment, investment income, government transfer payments (for example, the federal child tax benefit, old age security, and provincial tax credits), pensions, and miscellaneous income (scholarships and child support

payments, for example). The definition of income excludes gambling wins or losses, capital gains or losses, receipts from the sale of property or personal belongings, income tax refunds, loans received or repaid, lump sum settlements of insurance policies, and income in kind.

Some sections of this report refer to earnings rather than income. Earnings means gross wages and salaries and net income from self-employment.

RECENT POVERTY TRENDS

The Canadian economy continued its recovery in 1993, but the number of poor Canadians and the overall national poverty rate kept rising nonetheless. Between 1992 and 1993, the ranks of the poor grew by close to half a million, from 4,320,000 to 4,775,000, and the poverty rate went from 16.1 percent to 17.4 percent.

Poverty increased among Canadians of working age in 1993, even though unemployment eased slightly. Especially alarming was the rise in poverty among families headed by men or women under the age of 65. A total of 993,000 non-elderly families were poor in 1993, and the poverty rate rose to 15.5 percent. It was the first time in at least 14 years that the number approached one million.

The rise in family poverty included families with children under 18, and the child poverty rate jumped to a 14-year high of 20.8 percent. The number of poor children hit 1,415,000, another 14-year high.

Even Canadians 65 and older did not escape the increase in poverty. Poverty rates rose for both elderly families and seniors living on their own, although they remained well below the rates recorded in the early 1980s. The reasons for the increases between 1992 and 1993 are not apparent.

All in all, 1993 was a sombre year for poor people.

This chapter shows major national trends in poverty from 1980 to 1993 using two types of measures. One looks at Canadians as individuals, the other as members of families or as unattached people living outside families.

Poverty Trends for Individual Canadians

One type of poverty statistics published by Statistics Canada gives the number of poor people and the poverty rates for people as individuals, as in Table 2. In 1980, the number of

people living in poverty was just over 3.6 million and the poverty rate was 15.3 percent. Both the number of poor people and the poverty rate rose following the recession of 1981-1982, declined slowly through 1989, and started rising again in 1990. By 1993, the number of poor people in Canada was nearly 4.8 million and the poverty rate was 17.4 percent.

TABLE 2
POVERTY TRENDS, ALL PERSONS

	Number of Persons Living in Poverty	Poverty Rate
1980	3,624,000	15.3%
1981	3,643,000	15.3%
1982	3,951,000	16.4%
1983	4,406,000	18.2%
1984	4,397,000	18.1%
1985	4,170,000	17.0%
1986	3,976,000	16.0%
1987	3,912,000	15.6%
1988	3,744,000	14.8%
1989	3,487,000	13.6%
1990	3,821,000	14.6%
1991	4,227,000	16.0%
1992	4,320,000	16.1%
1993	4,775,000	17.4%

Many of the other poverty statistics followed the same general pattern as the figures for all persons. Child poverty, for example, increased in the early 1980s, as shown in Table 3.

In 1984, well over 1.2 million children under the age of 18 were living in poverty and the poverty rate was 19.6 percent. The number of poor children and the poverty rate declined through 1989, then started to rebound. In 1993, the number of poor children was more than 1.4 million and the poverty rate was 20.8 percent.

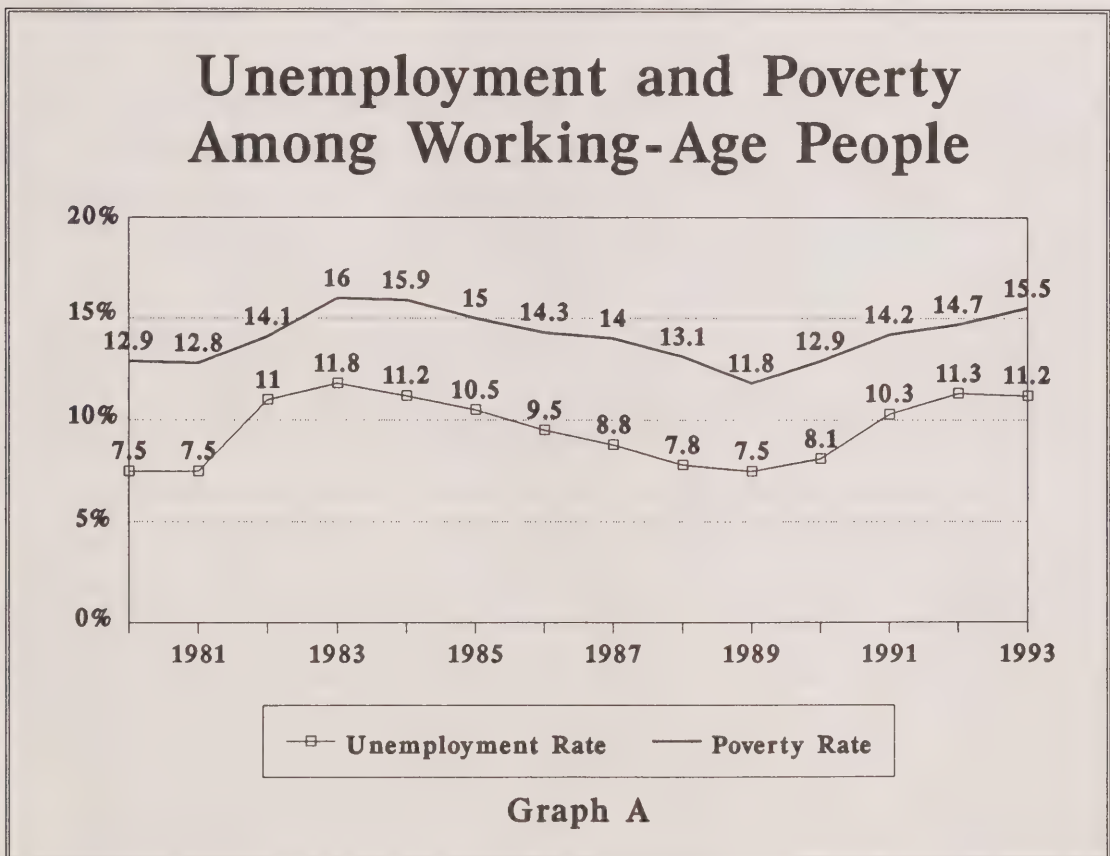
TABLE 3
POVERTY TRENDS, CHILDREN UNDER 18

	Number of Children Under 18 Living in Poverty	Poverty Rate
1980	984,000	14.9%
1981	998,000	15.2%
1982	1,155,000	17.8%
1983	1,221,000	19.0%
1984	1,253,000	19.6%
1985	1,165,000	18.3%
1986	1,086,000	17.0%
1987	1,057,000	16.6%
1988	987,000	15.4%
1989	934,000	14.5%
1990	1,105,000	16.9%
1991	1,210,000	18.3%
1992	1,218,000	18.2%
1993	1,415,000	20.8%

Additional information on child poverty by family type and provincial child poverty statistics appear later in this report.

Children are poor because their parents are poor, and one of the main reasons for poverty among parents is a lack of good jobs. It should come as no surprise that the poverty rates for adults under age 65 tend to move up and down in line with changes in the unemployment rate.

Graph A plots the average annual unemployment rate for people 15 and older against the poverty rate for people ages 18 to 65, the group most likely to be in the labour force. As the percentage of unemployed people in the work force rose and fell, so did the percentage of adults under 65 living in poverty. In 1980, the unemployment rate was 7.5 percent and the poverty rate for people 18 to 65 was 12.9 percent. In 1993, the unemployment rate was 11.2 percent and the poverty rate was 15.5 percent.



One group that is largely immune from high unemployment rates is seniors, because most of them are not in the labour force. The poverty rates for people 65 and older are more a reflection of the health of public and private pension programs than the health of the economy.

Pensions have improved tremendously during the last generation, and this is reflected in poverty rates and numbers for the elderly that have fallen more or less steadily since the first poverty statistics were published in Canada in 1969.

Table 4 shows this long-term decline in poverty. There were occasional increases in poverty from one year to the next, but the overall trend was sharply downward. The number of poor seniors dropped from 731,000 in 1980 to 564,000 in 1992, and the poverty rate plummeted from 33.6 percent in 1980 to a record low of 18.6 percent in 1992.

<u>TABLE 4</u>		
<u>POVERTY TRENDS, PEOPLE 65 AND OLDER</u>		
	Number of Seniors Living in Poverty	Poverty Rate
1980	731,000	33.6%
1981	733,000	33.0%
1982	648,000	28.5%
1983	719,000	30.9%
1984	669,000	27.9%
1985	669,000	27.0%
1986	637,000	24.9%
1987	627,000	23.8%
1988	634,000	23.4%
1989	599,000	21.4%
1990	554,000	19.3%
1991	590,000	20.0%
1992	564,000	18.6%
1993	636,000	20.5%

In 1993, the number of seniors living in poverty rose to 636,000, and the poverty rate went up to 20.5 percent. The reasons for the increases are not known. There were no major changes in government pension policy during the year. Investment income was down among seniors generally due to lower interest rates, but there were no radical changes in the small amounts of investment income received by seniors who were poor.

Poverty Trends for Families and Unattached Individuals

While the poverty statistics for persons give a good overview of poverty, it is often more revealing to look at poor people in terms of families or unattached individuals, as in Table 5 on the next page.

The number of poor families and the poverty rate went up in the aftermath of the recession of 1981-1982, declined through 1989 and started rising again in 1990 as Canada entered another recession. The figures for unattached individuals followed much the same pattern.

Throughout the period 1980 to 1992, the poverty rates for unattached people were roughly three times higher than the rates for families. In 1993, the gap narrowed a bit as the family poverty rate jumped to 14.8 percent and the rate for unattached individuals rose to 37.1 percent.

One reason that families have poverty rates that are consistently much lower than unattached individuals is they often have a second family member in the labour force. The percentage of younger married couples with both spouses in the work force has grown dramatically during the last generation, and two-earner couples now far outnumber one-earner couples. Many older families are couples where both spouses had careers outside the home and where both get pension benefits aside from the federal government's old age security pension.

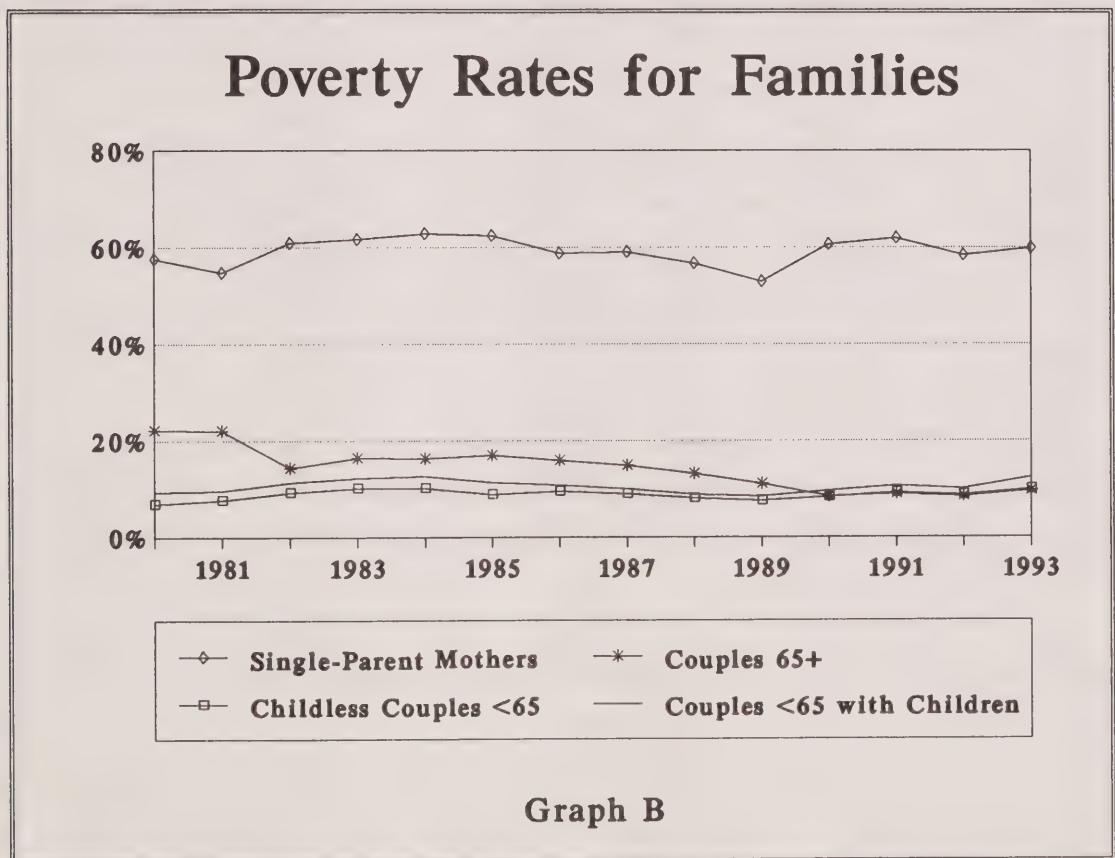
TABLE 5
POVERTY TRENDS, FAMILIES AND UNATTACHED INDIVIDUALS

	Families		Unattached Individuals	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate
1980	830,000	13.2%	1,013,000	41.4%
1981	832,000	13.0%	1,010,000	40.3%
1982	905,000	14.0%	1,034,000	40.2%
1983	1,007,000	15.3%	1,183,000	44.9%
1984	1,032,000	15.6%	1,118,000	41.3%
1985	963,000	14.3%	1,136,000	40.8%
1986	924,000	13.6%	1,112,000	38.3%
1987	895,000	13.1%	1,137,000	37.5%
1988	851,000	12.2%	1,172,000	37.7%
1989	786,000	11.1%	1,100,000	34.4%
1990	874,000	12.1%	1,123,000	34.1%
1991	949,000	13.1%	1,258,000	36.5%
1992	991,000	13.3%	1,247,000	36.2%
1993	1,116,000	14.8%	1,306,000	37.1%

An even better view of poverty comes by breaking down families and unattached individuals into their major subcategories - which we call family types for want of a better term. The four subcategories of families are married couples where the head of the family is 65 or older; married couples under 65 with children under 18; married couples under 65 without children under 18; and single-parent mothers under 65 with children under 18. Altogether, these four subcategories accounted for 83 percent of all poor families in 1993. The other 17 percent was made up of less common family types, such as married couples living with children who

were all 18 or older, single-parent fathers and their children, and brothers and sisters who lived together. The four subcategories of unattached individuals are unattached men under 65, unattached men 65 and older, unattached women under 65, and unattached women 65 and older. These four subcategories account for 100 percent of unattached individuals.

The importance of a second wage-earner or second source of pension income becomes obvious from the poverty statistics for the four subcategories of families in Graph B. The poverty rates for married couples were all low, regardless of the age of the spouses or the presence of children at home. The poverty rates for families led by single-parent mothers were incredibly high.



The actual poverty rates for each year from 1980 to 1993 for the four types of families are given in Table 6.

TABLE 6
POVERTY RATES FOR FAMILIES, 1980-1993

	Single-Parent Mothers under 65 with Children under 18	Couples 65 and Older	Couples under 65 without Children	Couples under 65 with Children under 18
1980	57.7%	22.2%	6.9%	9.4%
1981	54.8%	22.1%	7.7%	9.7%
1982	60.9%	14.4%	9.2%	11.3%
1983	61.7%	16.4%	10.2%	12.3%
1984	62.8%	16.3%	10.2%	12.6%
1985	62.5%	16.9%	8.9%	11.3%
1986	58.8%	15.9%	9.5%	10.8%
1987	59.0%	14.9%	9.0%	10.1%
1988	56.7%	13.2%	8.1%	8.9%
1989	52.9%	11.1%	7.6%	8.5%
1990	60.6%	8.5%	8.3%	9.6%
1991	61.9%	9.0%	9.3%	10.7%
1992	58.4%	8.5%	8.8%	10.1%
1993	59.8%	9.7%	9.9%	12.4%

The rates for single-parent mothers were high without exception throughout the period. The highest rate was 62.8 percent in 1984, and the lowest was 52.9 percent in 1989. By way of comparison, single-parent fathers under 65 with children under 18 had a poverty rate of 34 percent in 1993, the highest rate for single-parent fathers during the entire period. The lowest was 18 percent in 1987.

Married couples with the head of the family 65 or older saw their poverty rates decline throughout the period. The rate of 8.5 percent in 1992 tied the record low of 1990. The rise to 9.7 percent in 1993 was an exception to the downward trend.

Couples where the head of the family was under age 65 experienced ups and downs in poverty rates that corresponded with the ups and downs in the economy. The rates were relatively low for couples with children under 18 and couples without children, although the rates for childless couples were consistently lower.

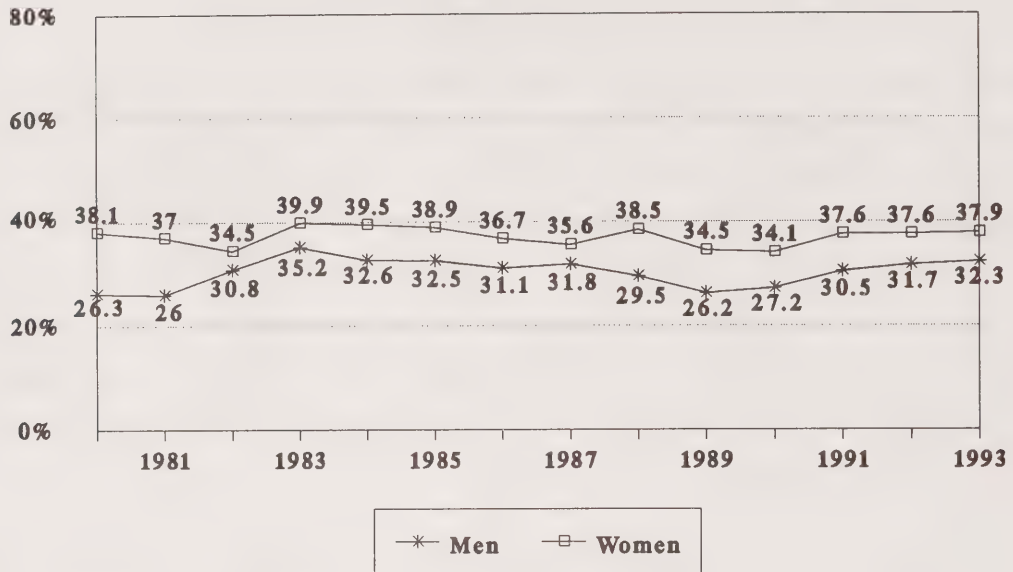
For unattached people, the poverty rates over the years have varied greatly among the four subcategories based on sex and age. All four subcategories have rates that are significantly higher than the rates for married couples, although none of the recent figures was anywhere near the rates for families led by single-parent mothers.

Trends in poverty among unattached men and women under 65 and men and women 65 and older are shown in Graph C on the next page. The poverty rates for unattached people under 65 tended to rise and fall with unemployment rates, while the rates for older unattached people fell more or less steadily. In both age groups, the poverty rates were noticeably higher for women than men.

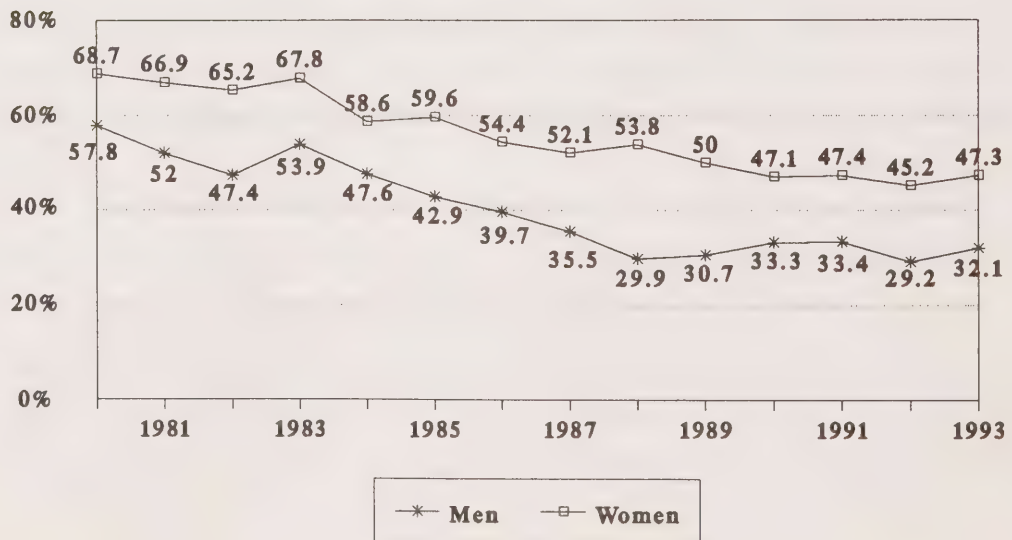
The poverty rate for unattached women under 65 was 38.1 percent in 1980 and 37.9 percent in 1993. The comparable rates for men were 26.3 percent in 1980 and 32.3 percent in 1993. The gap between the sexes was largest in 1980 at 11.8 percentage points and smallest in 1982 at 3.7 percentage points.

For unattached people 65 and older, the poverty rate for women went from 68.7 percent in 1980 to a record low 45.2 percent in 1992 and rebounded to 47.3 percent in 1993. The rate for men dropped from 57.8 percent in 1980 to a record low 29.2 percent in 1992 before rising to 32.1 percent in 1993. The gap between men and women was smallest at 10.9 percentage points in 1980 and largest at 23.9 points in 1988.

Poverty Rates for Unattached People Under 65



Poverty Rates for Unattached People 65 and Older



Graph C

VIEW FROM THE PROVINCES

Unemployment rates, the adequacy of pension programs, and family type are major determinants of poverty in all parts of Canada, but there are important differences from province to province. Table 7 gives the 1993 provincial statistics for families, unattached individuals, and all persons. For families, poverty rates ranged from a low of seven percent in Prince Edward Island to a high of 17.6 percent in Quebec. The range for unattached individuals was even greater, from 31.2 percent in Saskatchewan to 45 percent in Quebec. Poverty rates for all persons went from 9.9 percent in P.E.I. to 20.7 percent in Quebec.

TABLE 7

POVERTY BY PROVINCE, 1993

	Families		Unattached Individuals		All Persons	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate	Number of Poor Persons	Poverty Rate
Newfoundland	25,000	16.1%	16,000	41.4%	100,000	17.5%
Prince Edward Island	3,000	7.0%	5,000	32.2%	13,000	9.9%
Nova Scotia	36,000	14.5%	34,000	32.4%	147,000	16.5%
New Brunswick	24,000	11.9%	28,000	41.3%	104,000	14.5%
Quebec	338,000	17.6%	422,000	45.0%	1,431,000	20.7%
Ontario	382,000	13.4%	392,000	32.7%	1,599,000	15.6%
Manitoba	41,000	14.4%	51,000	36.7%	189,000	18.1%
Saskatchewan	36,000	13.8%	37,000	31.2%	160,000	17.0%
Alberta	103,000	15.0%	126,000	38.6%	449,000	17.6%
British Columbia	128,000	14.0%	194,000	34.4%	584,000	17.3%
Canada	1,116,000	14.8%	1,306,000	37.1%	4,775,000	17.4%

Between 1992 and 1993, family poverty rates rose in all provinces except Newfoundland, Prince Edward Island, Manitoba and Alberta. The largest increases were in central Canada. The rate in Quebec rose from 14.9 percent in 1992 to 17.6 percent in 1993, and the rate in Ontario went from 11.2 percent to 13.4 percent. Because of the large populations of Quebec and Ontario, these two increases had a major impact on the increase in the national poverty rate for families in 1993.

Poverty rates for unattached individuals were up in all provinces in 1993 except Nova Scotia, Manitoba and Saskatchewan. The largest increases were in New Brunswick, Alberta and British Columbia.

For all persons, poverty rates were higher in 1993 in New Brunswick, Quebec, Ontario and British Columbia and lower in the other six provinces. As in the case of families, increases in Quebec and Ontario were the main reason for the increase in the national rate for all persons. The Quebec rate for all persons went from 18 percent to 20.7 percent between 1992 and 1993, and the Ontario rate rose from 13.3 percent to 15.6 percent.

The pages that follow contain graphs with detailed information on poverty by province. The top half of each page gives the poverty rates for families and unattached individuals from 1986 through 1993. The bottom half of each page plots provincial poverty rates for all persons from 1980 to 1993. The line with diamond markers and accompanied by percentages shows provincial poverty rates. For purposes of comparison, each graph includes a second line showing the poverty rates for Canada as a whole. The percentages were omitted from this line to avoid confusion in cases where the two lines are close together.

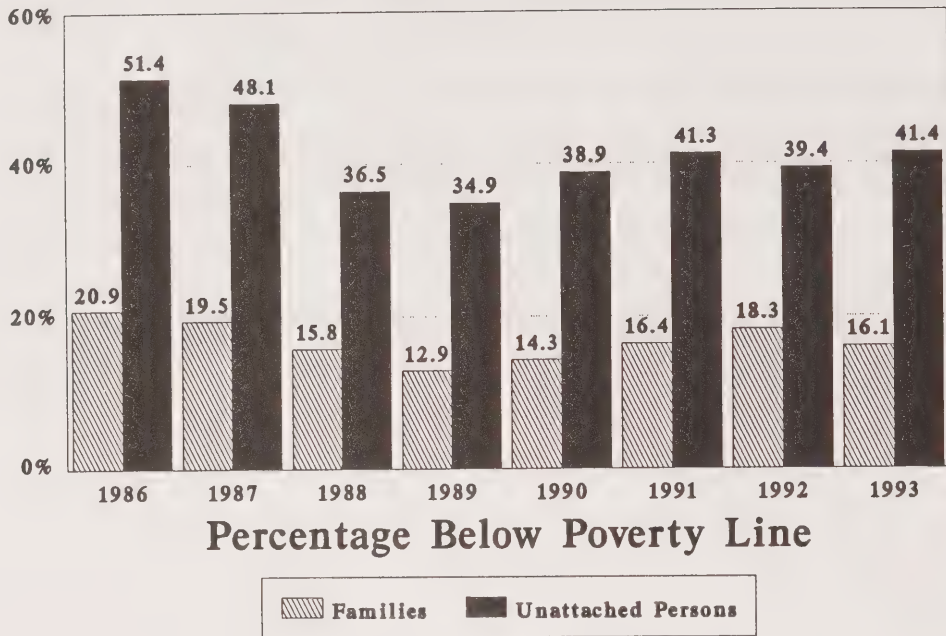
The two largest provinces have the most consistent trends for families, unattached individuals and all persons. Ontario's poverty rates were among the lowest in Canada and were well below the national average throughout the period. Quebec's rates were among the highest and well above average. There was much less consistency elsewhere.

Poverty rates were generally above average in Newfoundland. Prince Edward Island generally posted lower than average rates. Nova Scotia normally has poverty rates near the national average, but there have been sharp swings in the rates for unattached people in the last

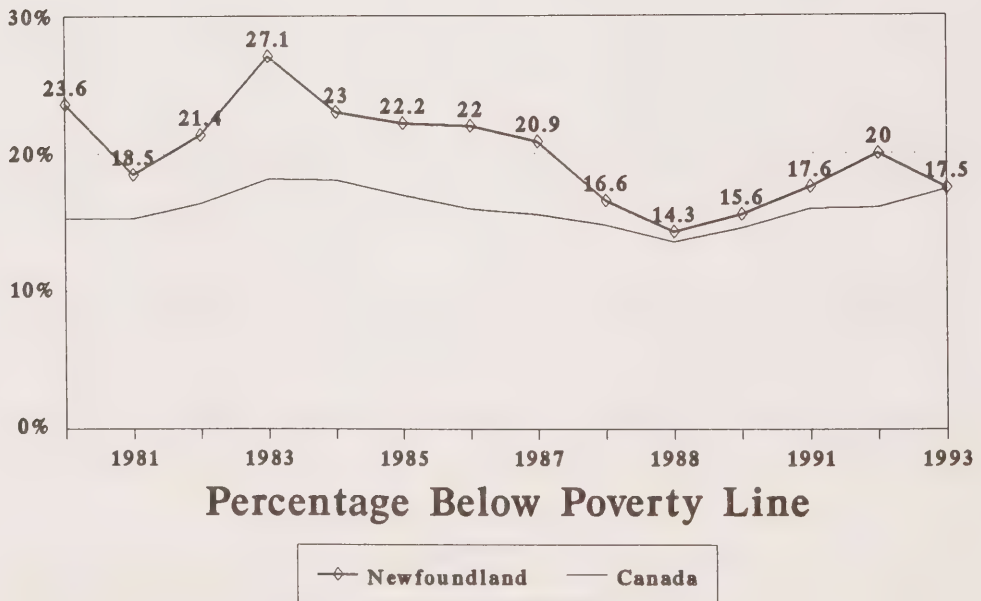
several years. Poverty rates in New Brunswick were higher than average at the start of the 1980s but have been average or below average in recent years.

Manitoba generally had above average poverty rates. Saskatchewan, Alberta and British Columbia generally had rates for families and all persons that were average or above average, and they had rates for unattached individuals that were below average. Poverty rates for all persons in Alberta once were well below average, but rose dramatically in 1983 and remained average or above average.

Newfoundland

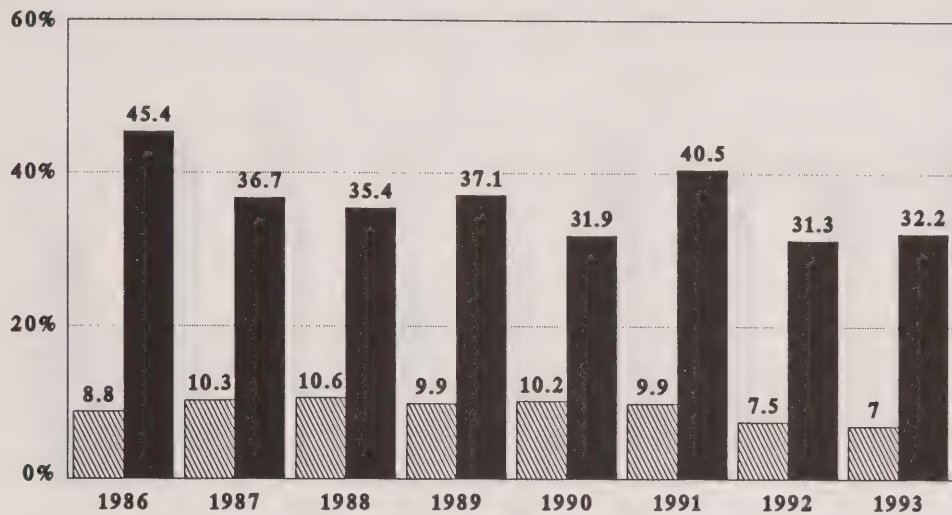


Trends for All Persons



Graph D

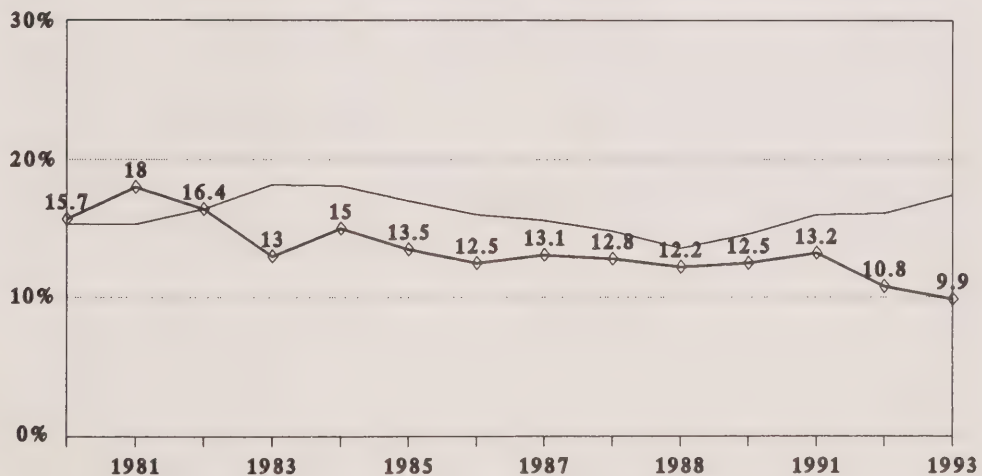
Prince Edward Island



Percentage Below Poverty Line

Families
 Unattached Persons

Trends for All Persons

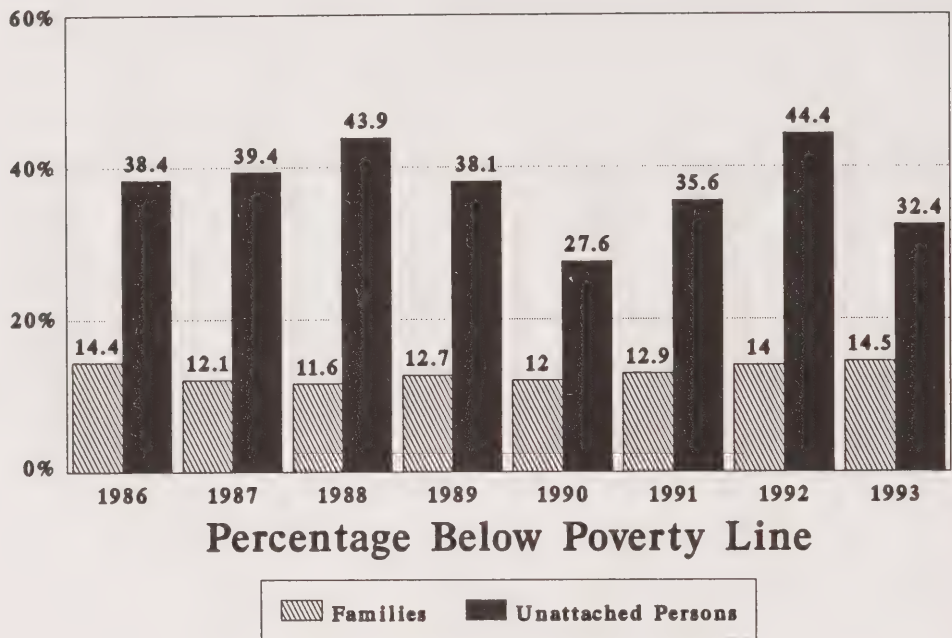


Percentage Below Poverty Line

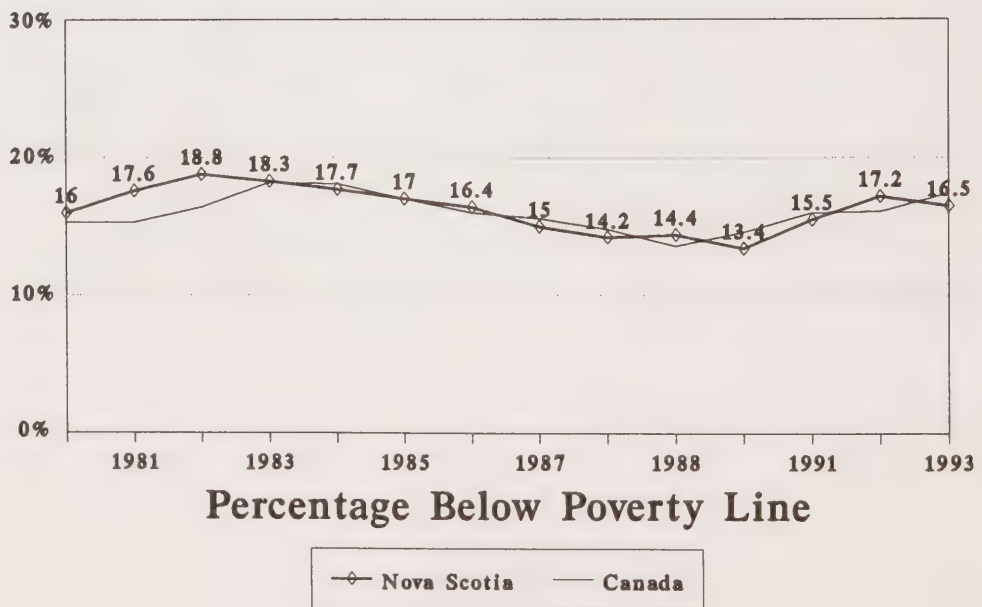
Prince Edward Island
 Canada

Graph E

Nova Scotia

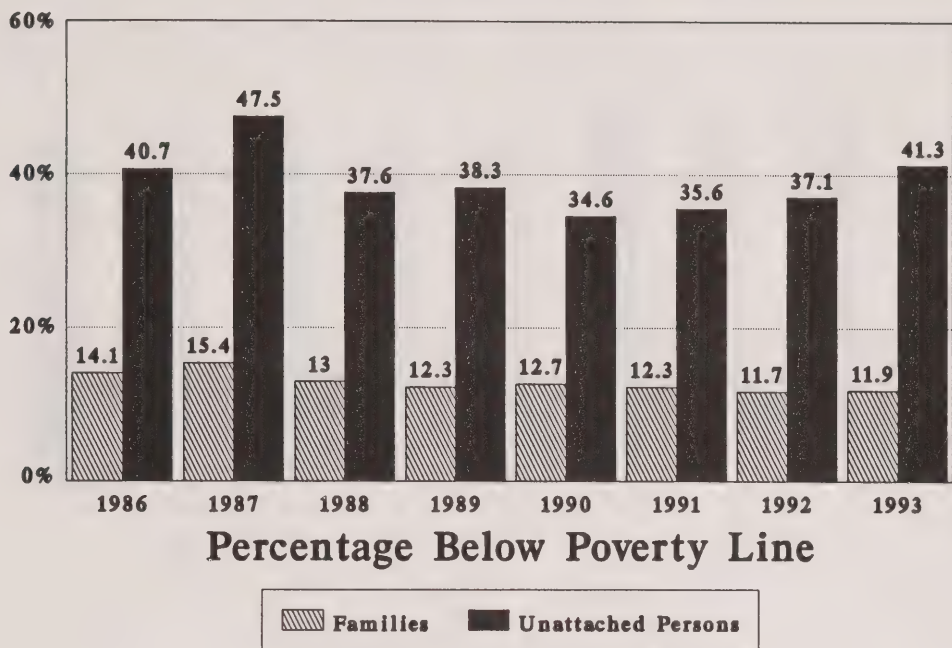


Trends for All Persons

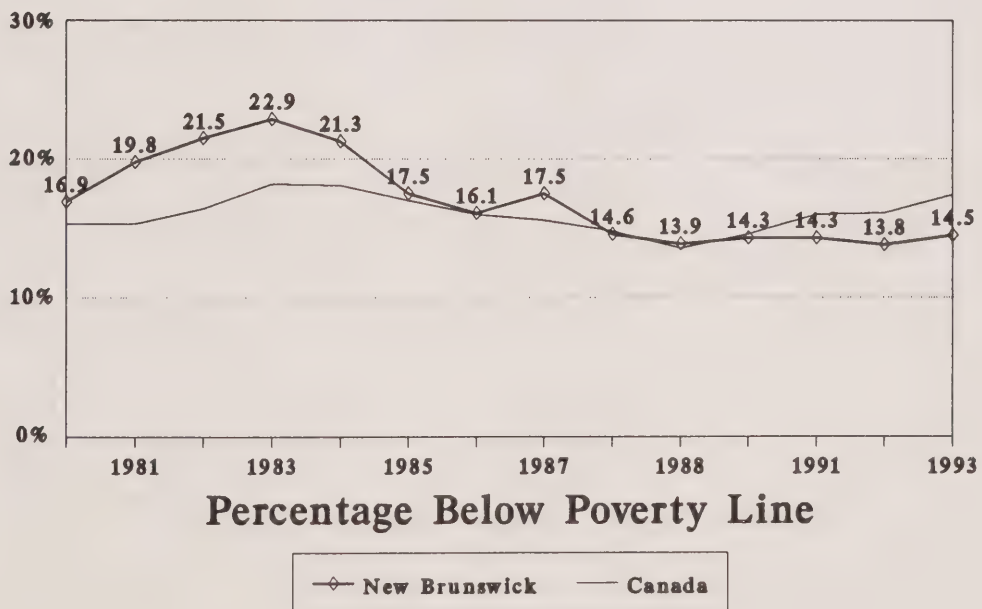


Graph F

New Brunswick

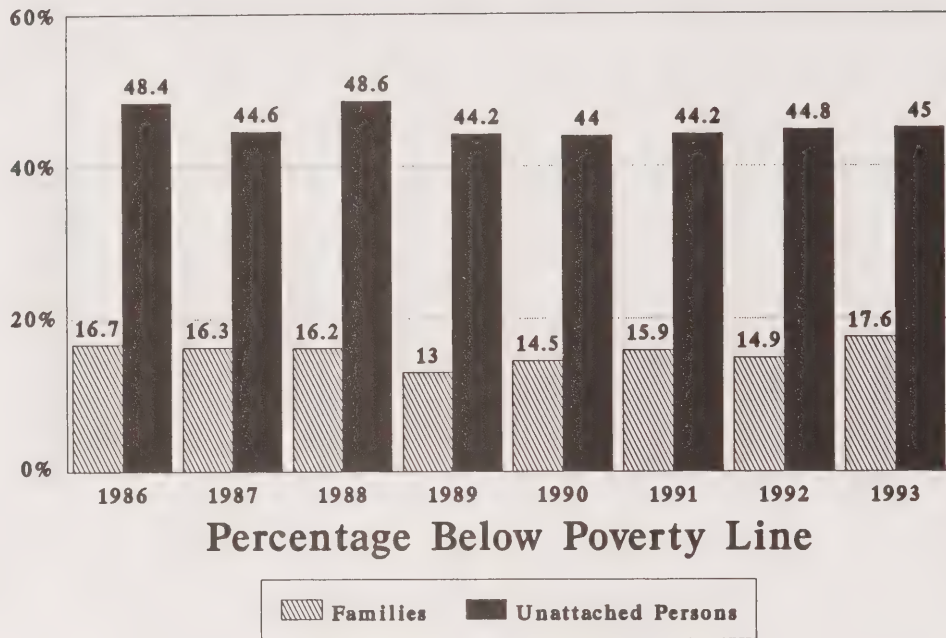


Trends for All Persons

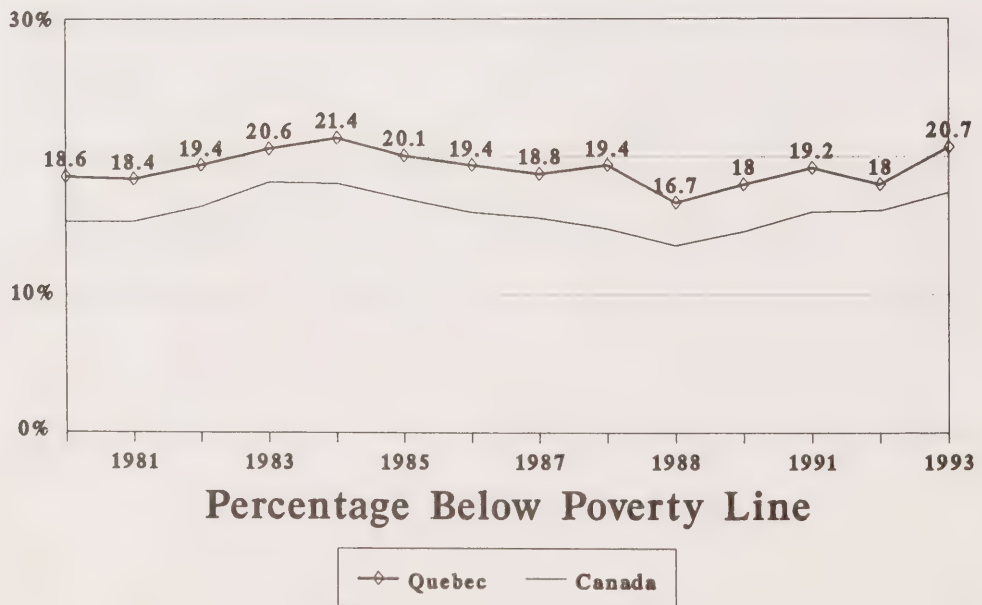


Graph G

Quebec

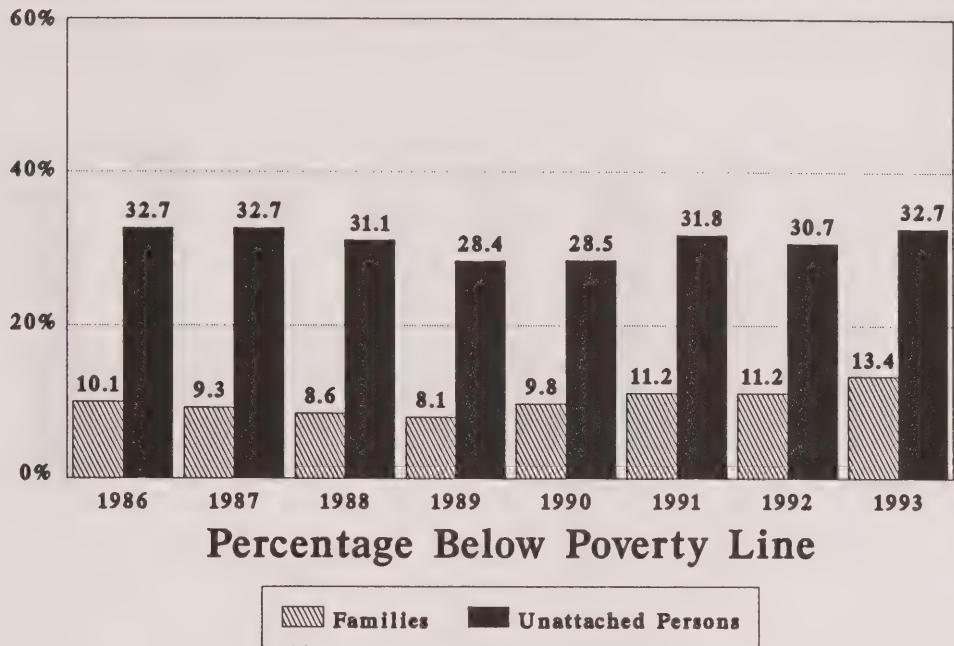


Trends for All Persons

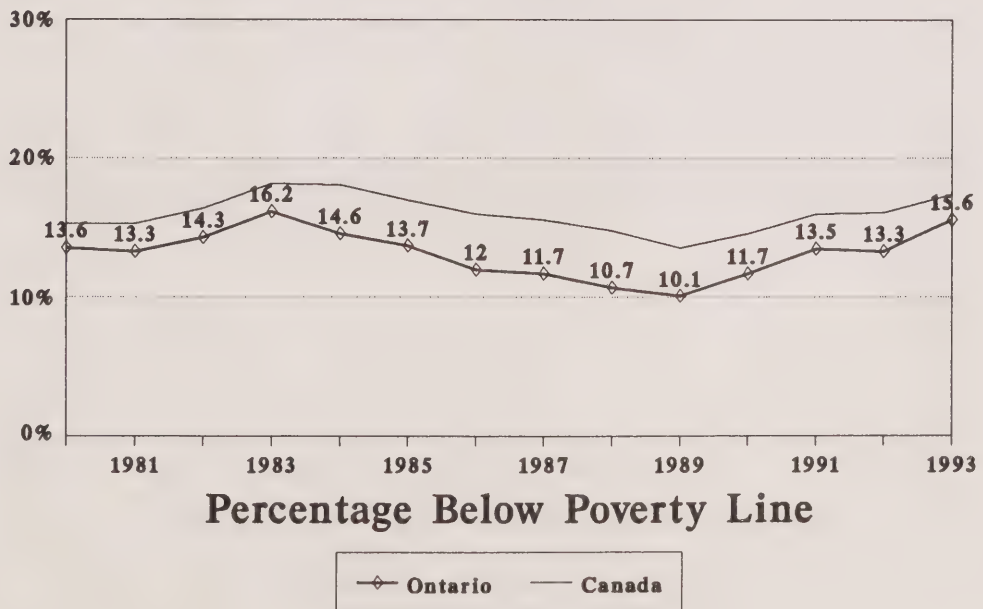


Graph H

Ontario

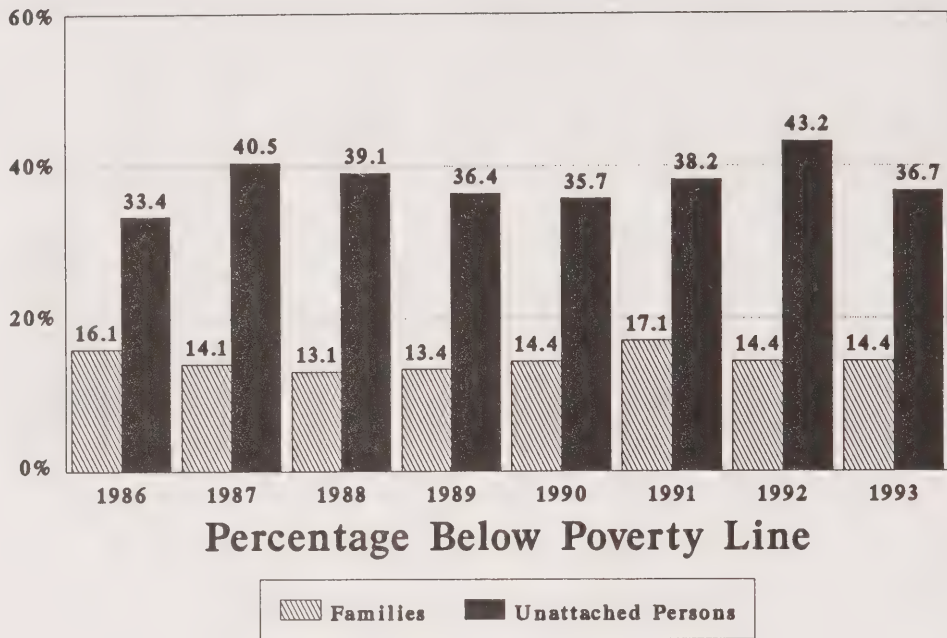


Trends for All Persons

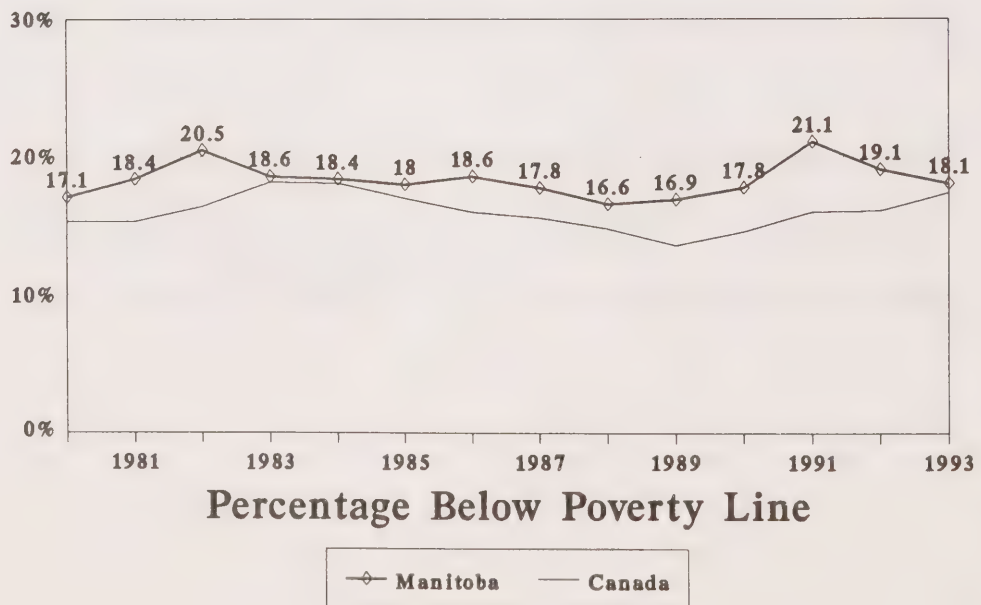


Graph I

Manitoba

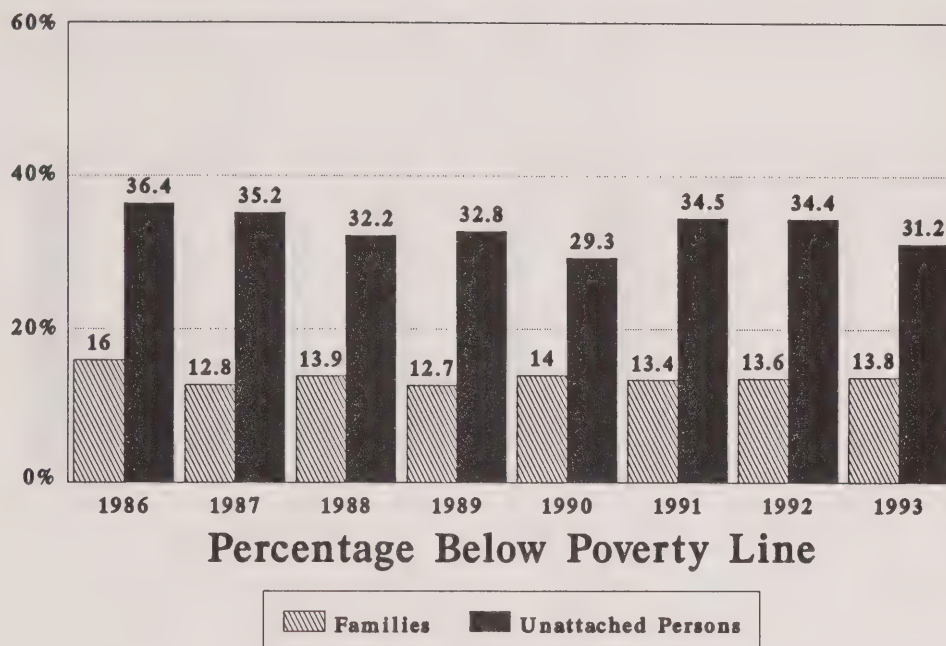


Trends for All Persons

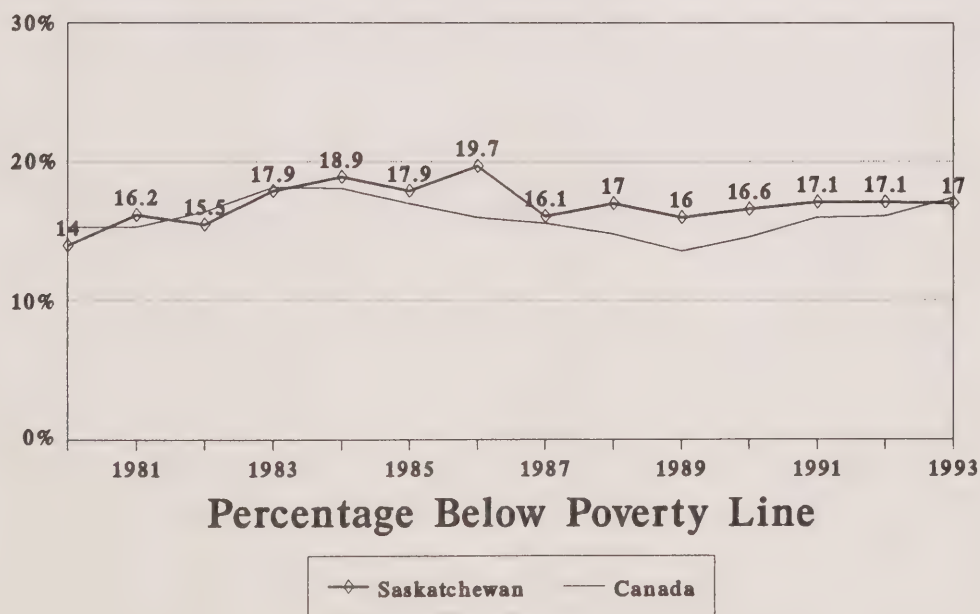


Graph J

Saskatchewan

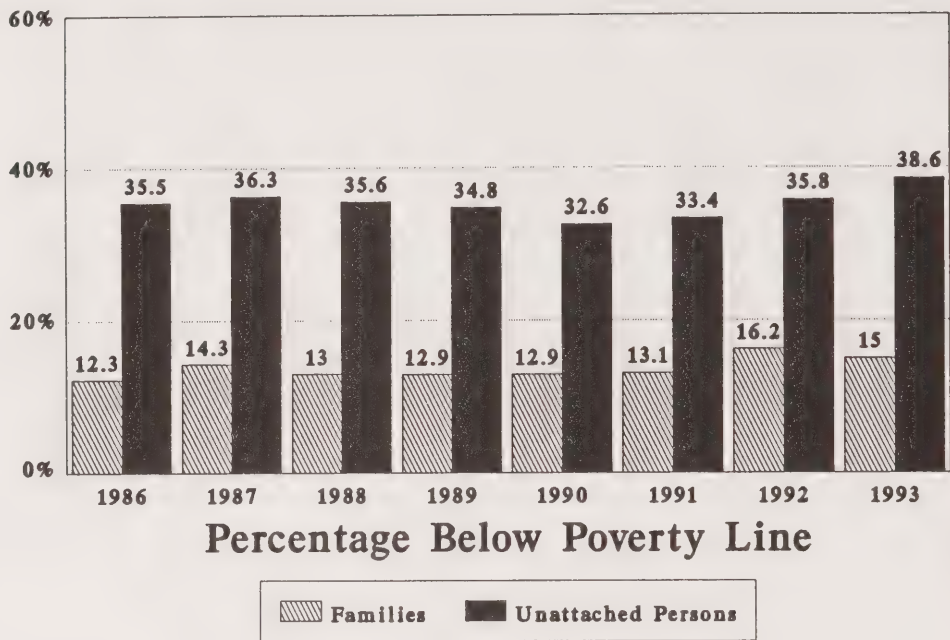


Trends for All Persons

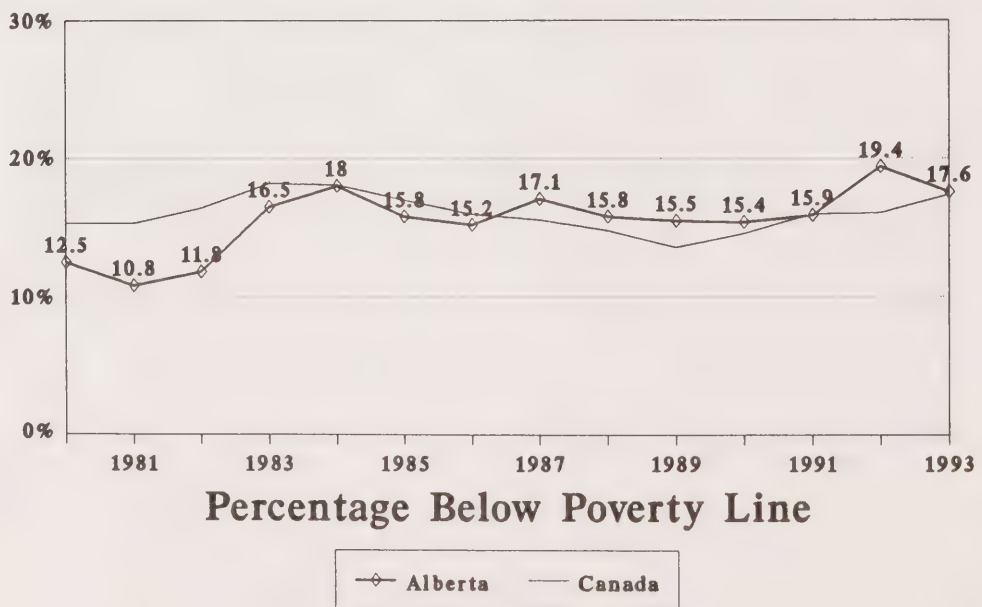


Graph K

Alberta

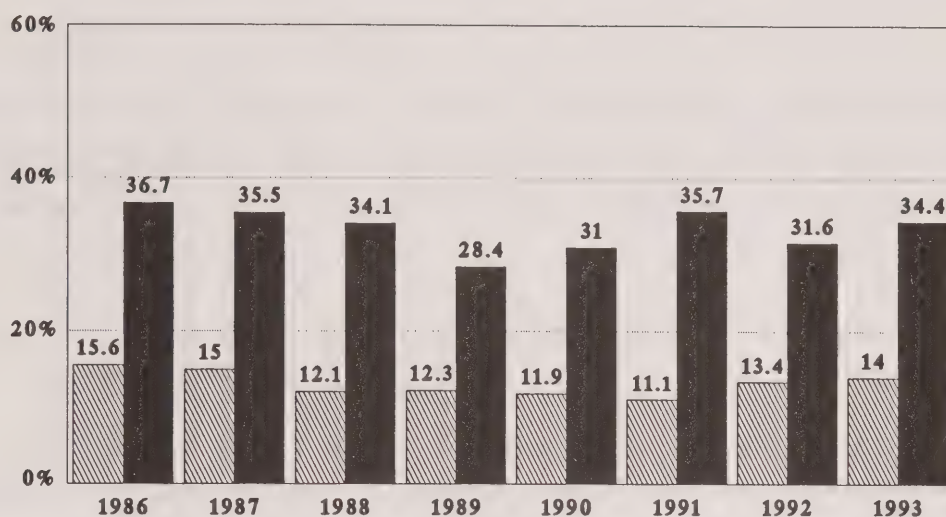


Trends for All Persons





Graph L

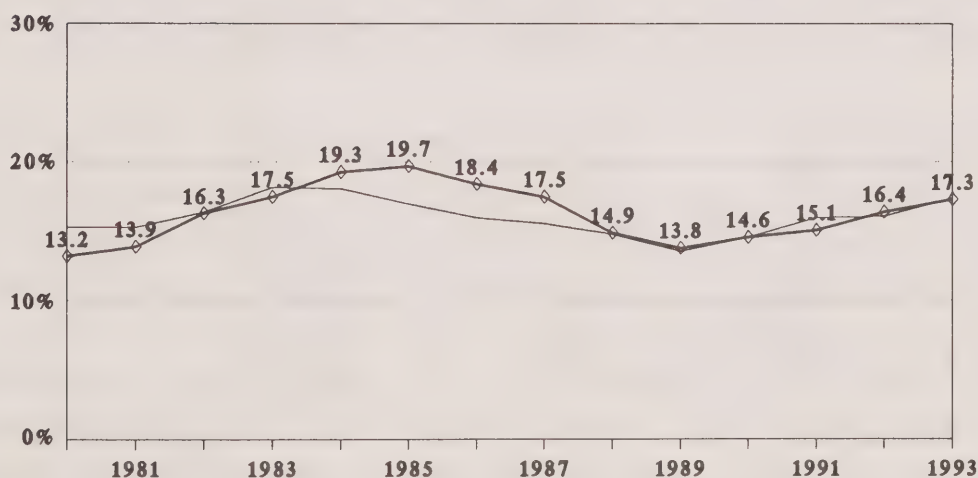
British Columbia



Percentage Below Poverty Line

 Families
  Unattached Persons

Trends for All Persons



Percentage Below Poverty Line

 British Columbia
  Canada

Graph M

SNAPSHOTS OF POVERTY IN 1993

Poverty rates vary with family type, sex, age, employment, education, housing and population of area of residence. Among families with children, they vary with the number and age of the children. Among immigrants, there are important differences based on the length of time in Canada.

Family Type

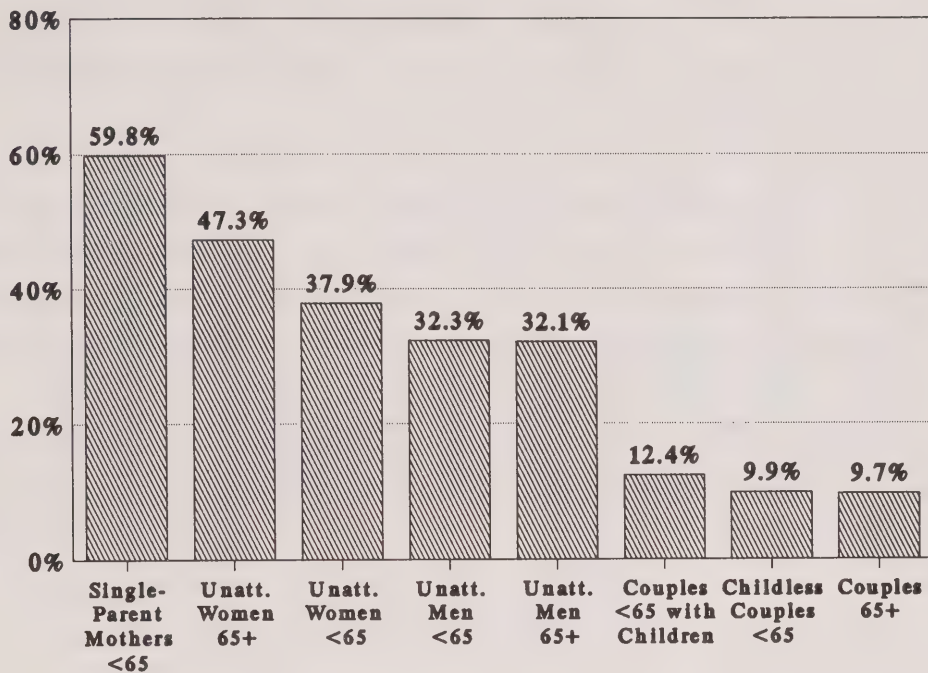
Probably the most important overall determinant of the risk of poverty is family type. As we described earlier, family type refers to eight subcategories of families and unattached individuals that take account of age and sex as well as family circumstances.

The top half of Graph N arranges the eight family types by poverty rates, with the highest at the left and the lowest at the right. The group with the highest poverty rate was single-parent mothers under 65 with children under 18. The next four bars represent unattached individuals. The poverty rates for unattached women were higher than the rates for unattached men. The three types of husband-wife families had relatively low poverty rates.

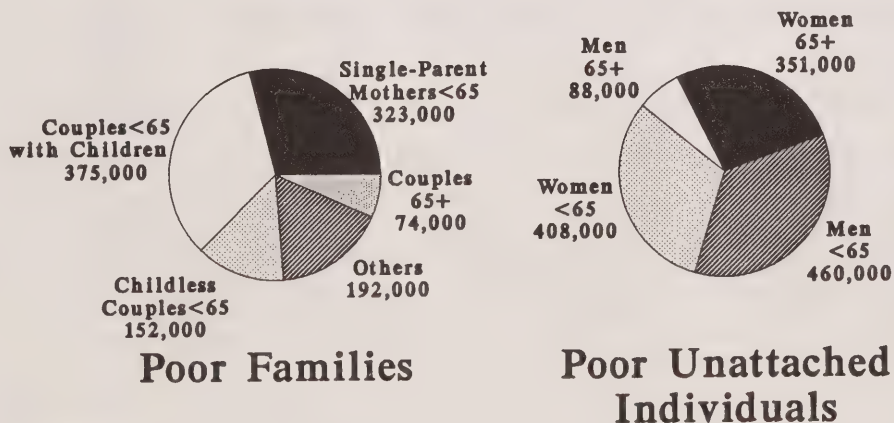
The pie graphs on the bottom half of the page show the number of poor families or unattached individuals by family type as a proportion of all poor families or unattached individuals. Among poor families, the two largest groups were couples under 65 with children under 18 and poor families led by single-parent mothers under 65 with children under 18.

Among poor unattached individuals, the most revealing comparison was between elderly men and women. Poor unattached women 65 and older outnumbered poor unattached men 65 and older by a margin of four to one. The numbers of poor unattached men and women under 65 were much closer.

Poverty Rates by Family Type, 1993



Distribution of Poor Families And Unattached Individuals, 1993



Graph N

Additional Differences by Age, Sex and Family Type

There are other important differences in poverty rates by age and sex and by age and family type, as shown in Graph O.

The top half of the graph gives the poverty rates for men and women by age, irrespective of their family status. In all cases, the rates for women were higher than the rates for men, and the differences between the sexes were most pronounced in the youngest and oldest groups. Additional information about poverty among men and women is presented later in this report.

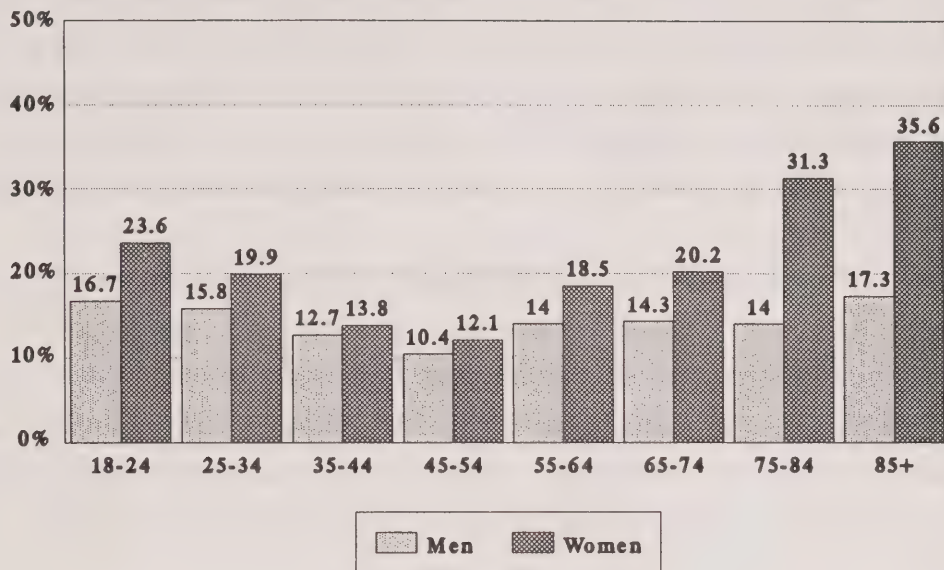
The poverty rates for both sexes were relatively high for the age groups 18 through 24 and 25 through 34. That is partly a reflection of high unemployment rates among young people and partly because entry-level wages are lower than wages for experienced workers. Poverty rates for both men and women fell in the age groups that follow until the age group 55 through 64. Higher rates in this group tend to reflect the difficulties older workers have when they lose their jobs. The higher rate for women 55 through 64 may also be due to an increasing number of widows.

The rates for older men and women show a widening gap between the sexes. One reason for higher poverty rates among elderly women is the fact that women live longer than men on average. The older groups contain a large number of women who are unattached, many of them widows, and unattached persons invariably have higher poverty rates than married people.

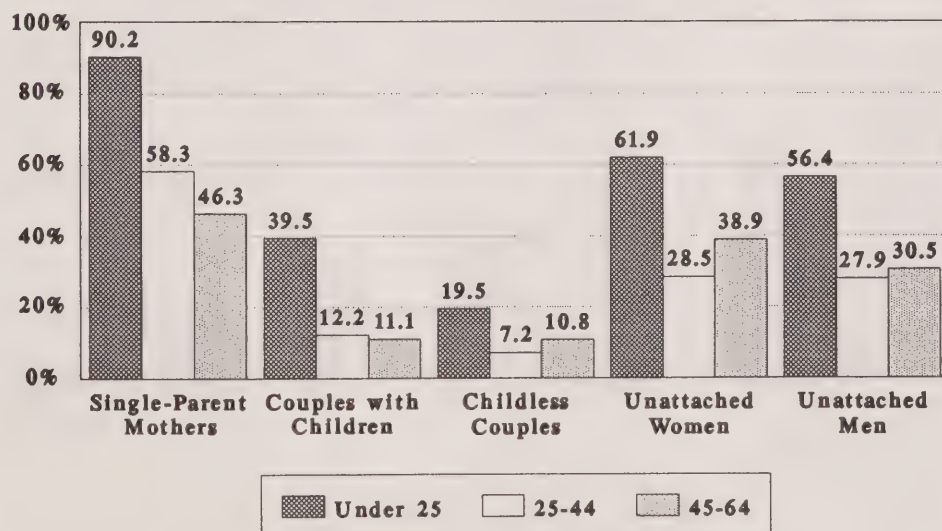
The bottom half of the graph shows how poverty rates vary by age group and family type, using the five family types under age 65. The poverty rate for the relatively small number of families led by single-parent mothers under age 25 was an incredibly high 90.2 percent. The comparable rates for older families led by single-parent mothers were 58.3 percent for heads of families 25 through 44, and 46.3 percent for heads of families 45 through 64.

Poverty rates for the other four non-elderly family types were also highest among heads of families and unattached individuals under 25. In the case of the couples under 65 without children and unattached men and women, the poverty rates rose in the age group 45 through 64.

Poverty Rates for Persons By Age and Sex, 1993



Poverty Rates by Family Type And Age of Head, 1993

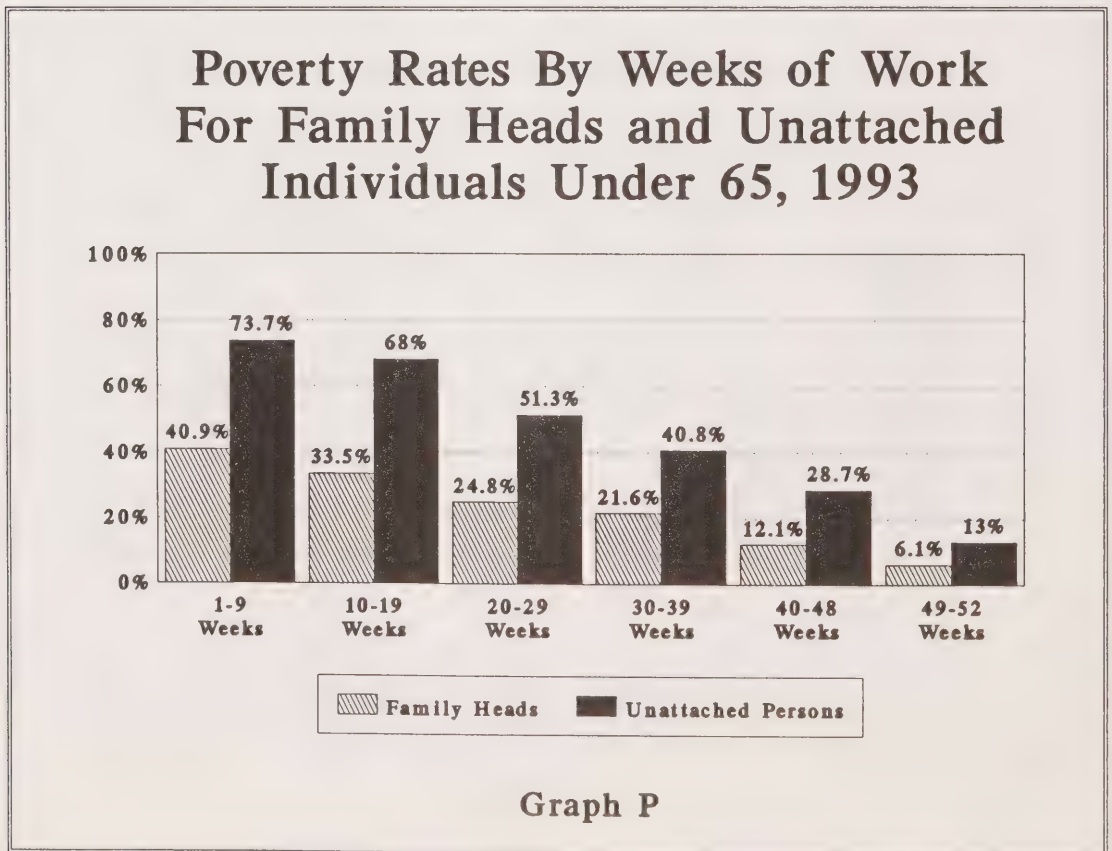


Graph O

People often change family status several times in the course of their adult lives, and the bottom half of Graph O should be interpreted with this in mind. The poor single-parent mothers under age 25, for example, are not destined to be the poor single-parent mothers in the two older age groups. They could become poor or non-poor married persons with children, poor or non-poor married persons without children once the children grow up, or poor or non-poor unattached persons.

Work Activity

As might be expected, a good job is the best insurance against poverty for Canadians under the age of 65, and Statistics Canada has several measures that show how the risk of poverty decreases as work activity increases. One of the most revealing relates poverty rates to the number of weeks worked during the year for those under age 65, as shown in Graph P.



Heads of families and unattached people under 65 who worked only one to nine weeks in 1993 had the highest poverty rates, while those who worked full-time or almost full-time had low rates. As with other poverty statistics, the rates were consistently lower for families than unattached people, because many families had earners in addition to the head of the family. In fact, families in all age groups with one earner had a poverty rate of 22.2 percent in 1993, while families with two earners had a poverty rate of only 6.9 percent, and families with three or more earners had a poverty rate of 2.9 percent.

Poverty rates for both families and unattached individuals also vary with the type of work done. Table 8 is arranged so that occupational groupings with the lowest poverty rates for family heads come first and the highest rates come last. The ranking of poverty rates for unattached individuals is somewhat different. In both cases, however, family heads and unattached individuals in managerial jobs had the lowest poverty rates, and workers in service industries had the highest rates.

TABLE 8
POVERTY RATES BY OCCUPATION, 1993

Occupational Group	Family Heads	Unattached Individuals
Managerial	4.2%	9.5%
Processing and Machining	7.1%	15.2%
Professional	7.8%	17.6%
Product Fabrication	8.4%	31.6%
Transport	10.1%	17.9%
Construction	11.3%	29.3%
Clerical	12.1%	23.6%
Sales	14.4%	24.6%
Farming, Fishing, Forestry	16.2%	27.1%
Services	22.2%	48.1%

Number and Age of Children

We have seen how poverty rates vary by family type. Rates for two-parent families are relatively low, and rates for families led by single-parent mothers are sky-high. Within these general ranges, the rates vary noticeably with the number and age of children.

The top half of Graph Q on the next page shows the poverty rates for two-parent families and the bottom half shows the rates for families led by single-parent mothers. Although the patterns are not perfect, the two parts of the graph suggest that poverty rates increase with the number of children but decrease once the youngest child reaches school age.

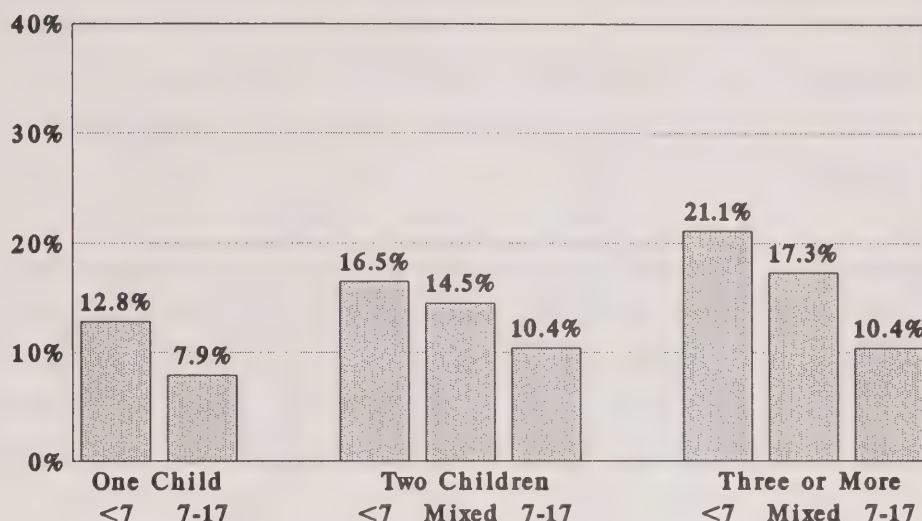
For example, the poverty rate for two-parent families with two children under age seven was 16.5 percent in 1993. The rate for families with two children of mixed age groups - one under seven and one seven through 17 - was 14.5 percent. The big drop, to 10.4 percent, occurred among families with two children both seven or older.

The same pattern was evident among families with two children led by single-parent mothers. The poverty rate was 88.9 percent when both children were under seven, it fell to 74.9 percent when one of the children was seven or older, and it fell again to 48.1 percent once both children had reached seven.

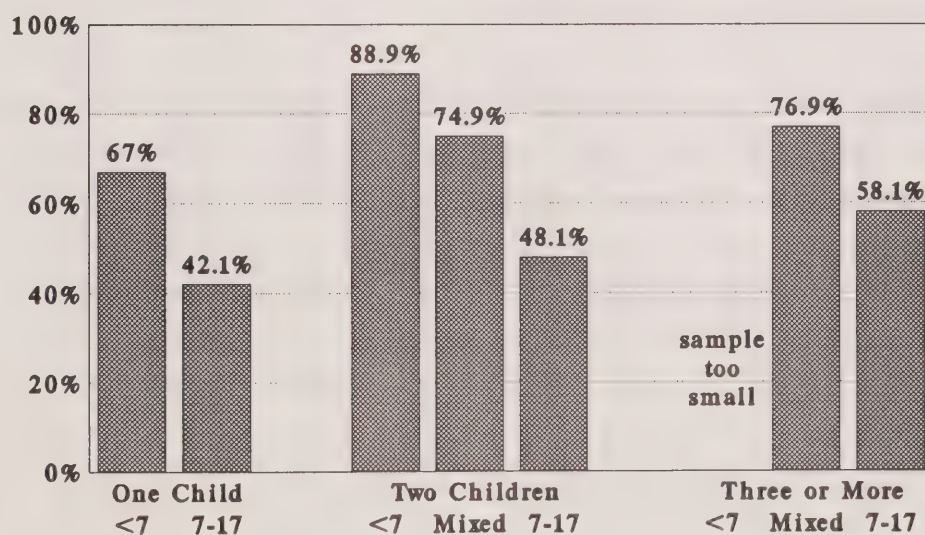
It would be logical to expect that the risk of poverty is higher for families of all types with very young children, because the job of caring for infants and toddlers often keeps mothers out of the labour force. Mothers are more inclined to take jobs outside the home once their youngest children are off to school.

As an aside, it is interesting to note from other statistics that families led by single-parent mothers had fewer children on average than two-parent families. In 1993, poor single-parent mothers under 65 had an average of 1.84 children, and single-parent mothers who were not poor had an average of 1.55 children. Among couples under 65 with children, poor couples had 2.0 children on average and non-poor couples had 1.84 children.

Poverty Rates for Two-Parent Families Under 65, by Number and Age Group Of Children Under 18, 1993



Poverty Rates for Single-Parent Mothers Under 65, by Number and Age Group Of Children Under 18, 1993



Graph Q

Education

The risk of poverty normally decreases as people get more schooling. The top half of Graph R shows poverty rates in excess of 19 percent for heads of families who had eight years of schooling or less or who had some high school, but did not graduate. The lowest poverty rates were family heads with university degrees. The same general pattern was true for unattached individuals.

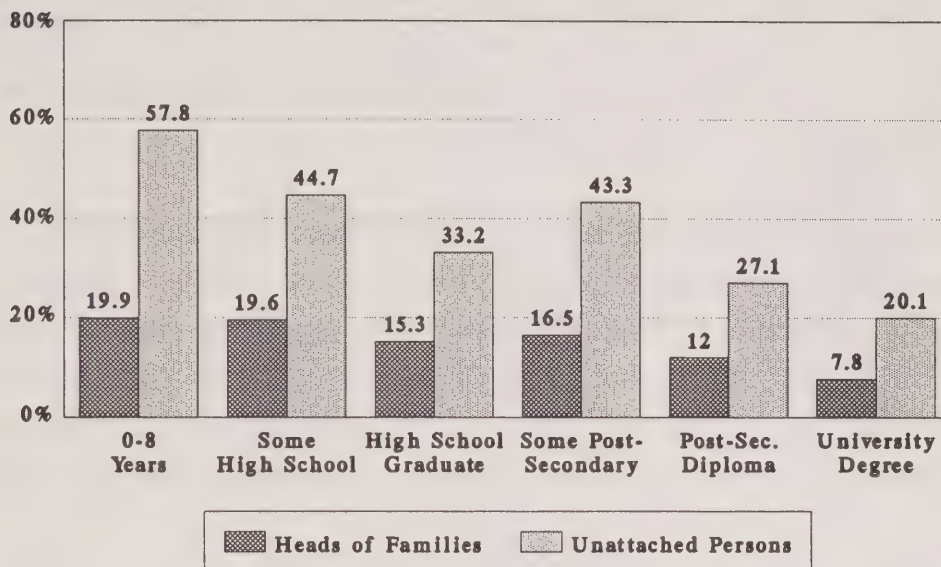
Seen another way, there were a disproportionate number of poor people with low levels of education. Of the unattached people who were poor in 1993, 50 percent did not finish high school. Among unattached people who were not poor, only 28 percent failed to finish high school. Of the families who were poor in 1993, 43 percent were headed by people who did not finish high school. The comparable figure for heads of families who were not poor was 30 percent.

To get a better idea of the relationship between education and poverty, we looked at poverty rates by family type as well as by level of education. The bottom part of Graph R shows the poverty rates by family type, with the highest rates at the left of the graph. The darkly shaded bars are poverty rates for family heads or unattached individuals who did not graduate from high school. The lighter bars are poverty rates for family heads or unattached individuals with a high school diploma or better.

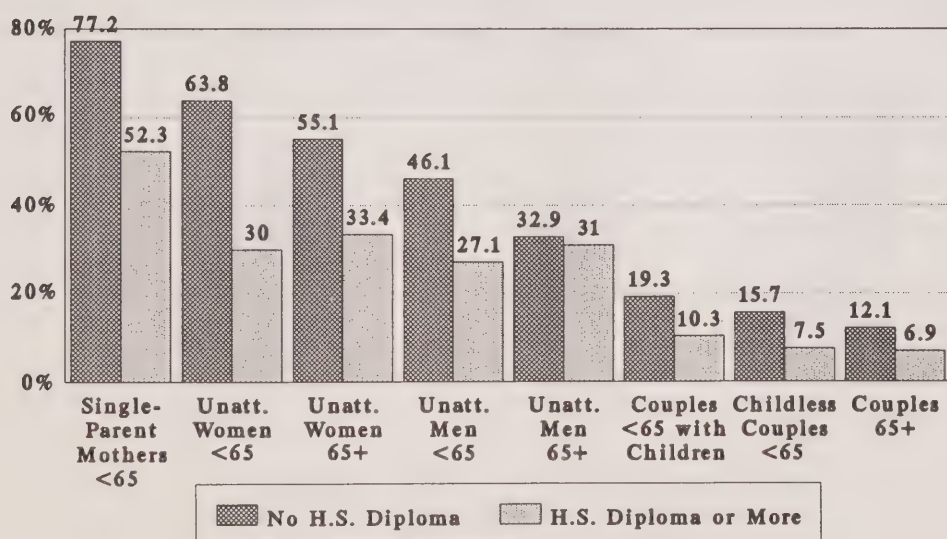
The patterns are similar to the patterns for family type alone shown earlier in this report. The poverty rate for families led by single-parent mothers with less than a high school education was 77.2 percent - by far the highest rate among all those who did not graduate from high school. Single-parent mothers who did graduate had a poverty rate of 52.3 percent - again the highest of any family type. This shows that family type and level of education both influence a person's risk of poverty.

Poor education can be either a cause of poverty or an effect. Young people who drop out of school may be poor because they lack the skills needed to get good jobs. On the other hand, young women who drop out of school if they get pregnant may be poor because of the hardships associated with single parenthood. The fact that they are poorly educated is a result of their family circumstances rather than an immediate cause of poverty.

Poverty Rates by Highest Level Of Education Completed, 1993



Poverty Rates by Family Type And Level of Education, 1993



Graph R

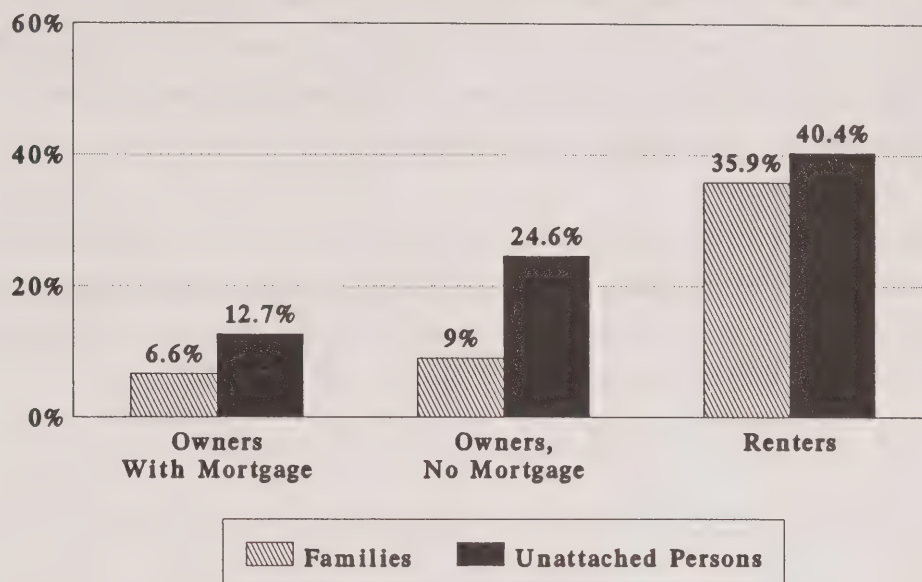
Homeowners and Renters

Statistics on poverty and housing are collected in three categories: homeowners with mortgages, homeowners without mortgages, and renters. Graph S gives the poverty rates by housing status for families and unattached individuals under 65 and elderly families and unattached individuals.

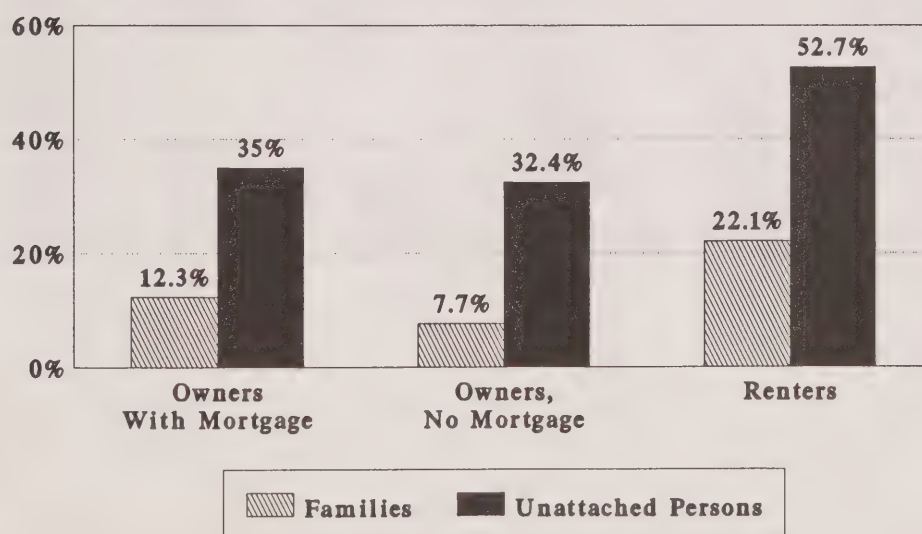
For both groups, poverty rates were higher for unattached individuals than for families, and renters had higher poverty rates than homeowners with or without mortgages. However, the top and bottom portions of the graph show some interesting differences between the two age groups. For the under 65 group, poverty rates increased from the category homeowners with mortgages to owners without mortgages to renters. For the 65 and older group, the pattern was different: homeowners without mortgages had lower poverty rates than homeowners with mortgages.

There are also interesting differences in the distribution of poor families and unattached individuals by age group. For those under 65, 65 percent of the poor families and 87 percent of the poor unattached individuals were renters. For those 65 and older, the percentage of renters fell to 35 percent for poor families and 64 percent for poor unattached individuals. Many of the rest of the poor seniors were homeowners without mortgages. Presumably, most of the poor seniors who were homeowners without mortgages had paid off their mortgages during the course of their working lives but still wound up in poverty because their annual retirement incomes were very low.

Poverty Rates for Homeowners And Renters Under 65, 1993



Poverty Rates for Homeowners And Renters 65 and Older, 1993

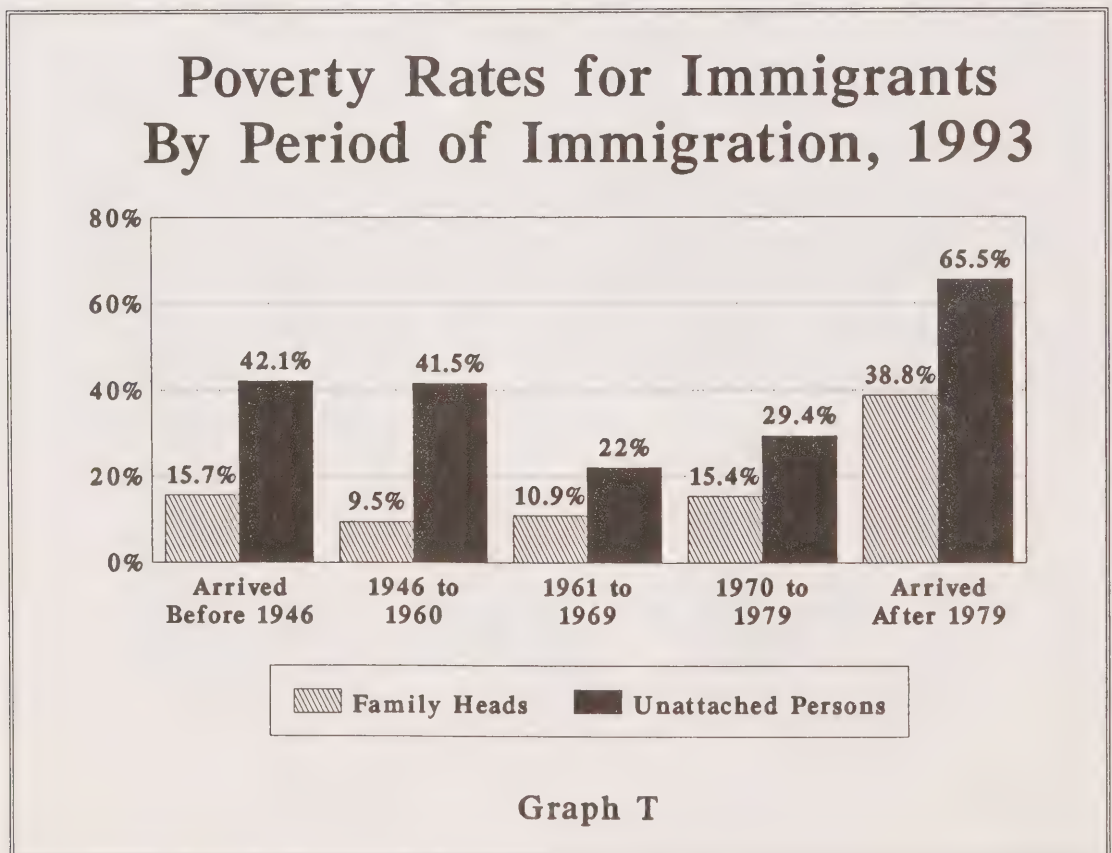


Graph S

Year of Immigration

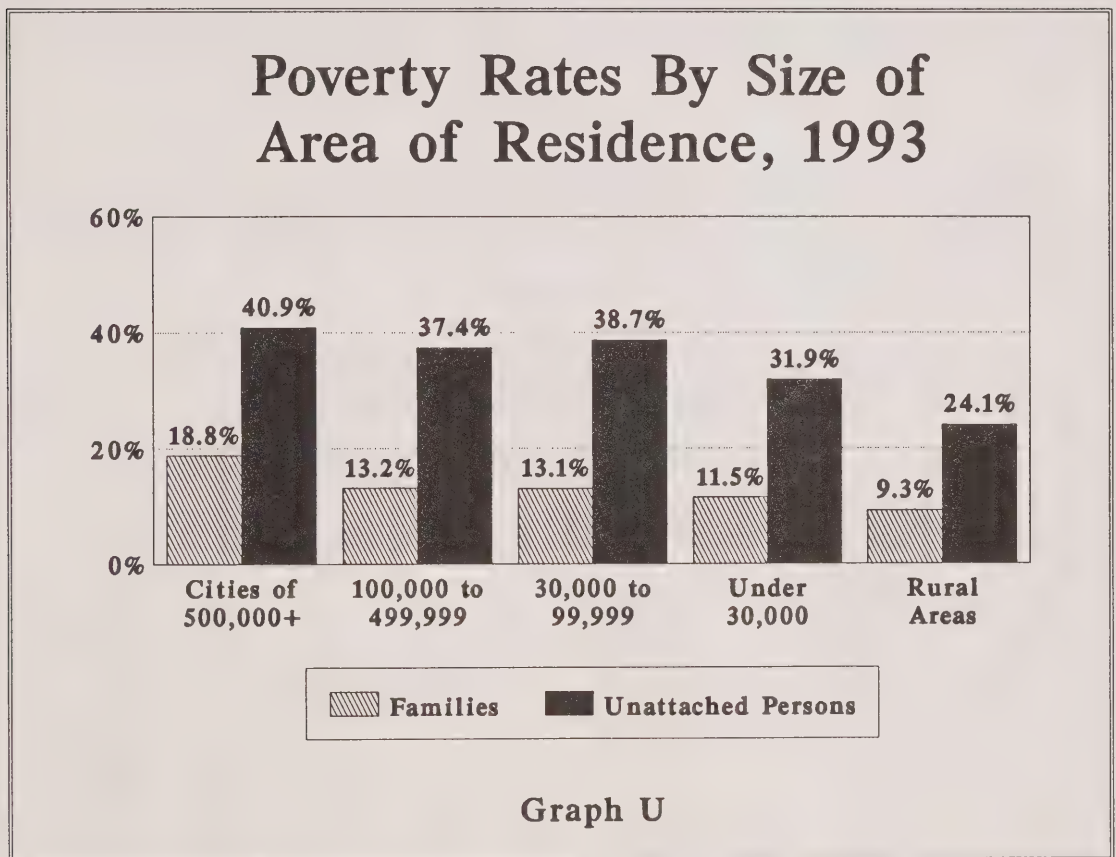
Poverty rates were relatively low for families with heads who immigrated to Canada prior to 1980, and they were relatively high for families with heads who arrived in the 1980s or later. Among unattached individuals, poverty rates were lowest among those who immigrated in the 1960s and highest among those who arrived after 1979.

The poverty rate for all families headed by immigrants was 19.7 percent in 1993, and the poverty rate for all unattached immigrants was 43.6 percent. The comparable rate for families with Canadian-born heads was 13.6 percent, and the comparable rate for unattached people born in Canada was 36 percent.



Area of Residence

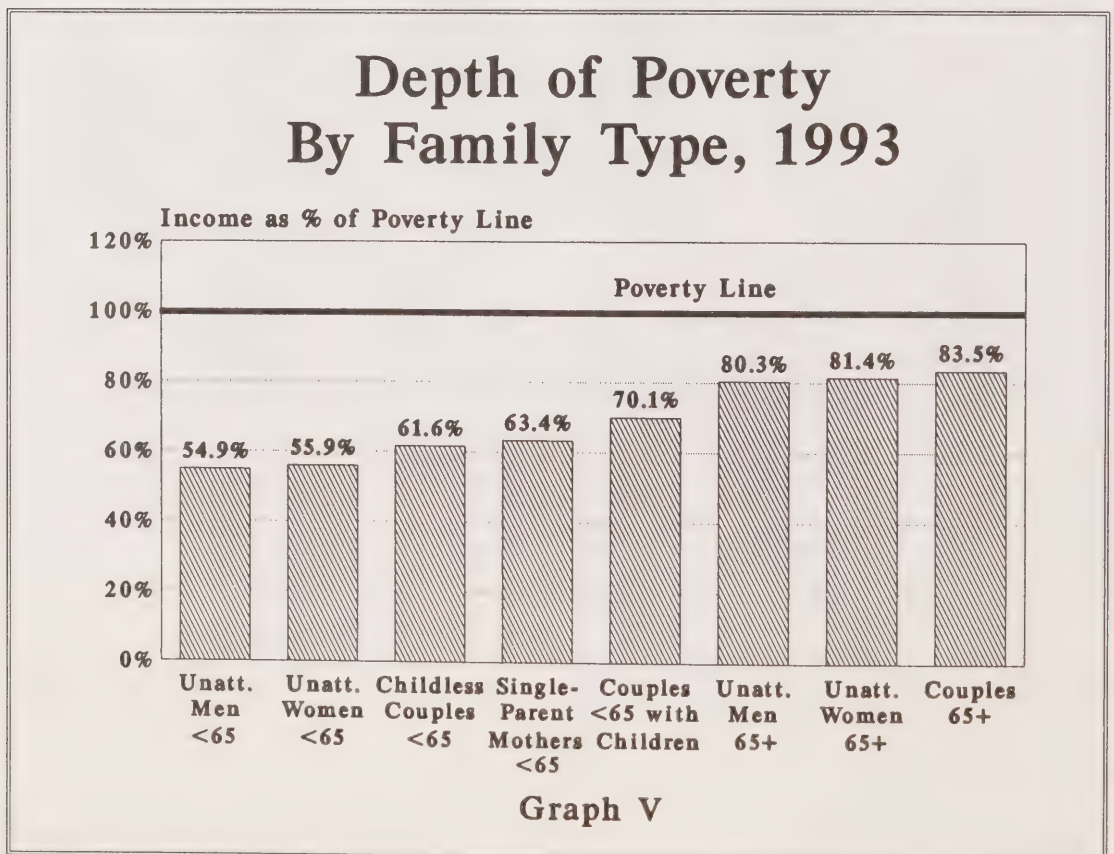
Graph U shows poverty among families and unattached people by the size of their communities. Each of the five categories in the graph corresponds to a set of poverty lines based on community size. The low income cut-offs are higher in urban areas than rural areas, and that explains in part why poverty rates in the largest cities are noticeably higher than poverty rates in the country.



DEPTH OF POVERTY, THE POVERTY GAP, AND NEAR POVERTY

It is one thing to measure the risk of poverty and quite another to measure its severity. Poverty rates show the percentage of the population which is poor each year, but they do not show whether poor people are living in abject poverty or a few dollars below the poverty line. For that, we need measures of the "depth of poverty." Depth of poverty statistics also allow us to calculate the "poverty gap" to show how much additional income would be needed to bring all Canadians out of poverty. Finally, it is useful to have information about the "near poor" or those people who live just above the poverty line and who would become poor with a small drop in income.

Several types of statistics are available on the depth of poverty. Two particularly useful measures show the average incomes of poor Canadians as a percentage of the poverty line and the depth of poverty in dollars below the poverty line.



Graph V on the preceding page shows the average incomes of poor Canadians as a percentage of the poverty line for the eight family types which were highlighted in previous chapters. The groups are arranged with the poorest at the left of the graph and the least poor at the right. Unattached men under 65 were the poorest of the eight family types in 1993, with total incomes that were only 54.9 percent of the poverty line on average. Poor married couples 65 and older were at the other end, with average incomes of 83.5 percent of the poverty line.

Depth of poverty can also be expressed in dollars as the difference between the poverty line and the average income of poor families or unattached individuals. Table 9 shows the depth of poverty by family type for the years 1980 and 1993, with all the figures given in 1993 dollars to factor out the effects of inflation over the years.

TABLE 9
AVERAGE DEPTH OF POVERTY BY FAMILY TYPE
IN CONSTANT 1993 DOLLARS, 1980 AND 1993

Family Type	Dollars Below Poverty Line in 1980	Dollars Below Poverty Line in 1993
Single-Parent Mothers under 65 with Children under 18	\$ 9,884	\$ 8,566
Couples under 65 with Children under 18	\$ 8,144	\$ 7,677
Unattached Men under 65	\$ 7,054	\$ 6,229
Unattached Women under 65		\$ 6,139
Childless Couples under 65	\$ 6,586	\$ 5,946
Unattached Men 65 and Older	\$ 3,927	\$ 2,848
Unattached Women 65 and Older		\$ 2,492
Couples 65 and Older	\$ 3,308	\$ 3,184

The eight family types in Table 9 are arranged so that the two family types with the largest depth of poverty in 1980 came first - that is, single-parent mothers under 65 with children under 18 and couples under 65 with children under 18. The overall order is different when the statistics are given in dollars rather than percentages, because the poverty lines for families are much higher in dollar terms than the poverty lines for unattached individuals.

There were noticeable declines between 1980 and 1993 in the depth of poverty among all family types except couples 65 and older. Statistics Canada did not publish depth of poverty data for unattached people by sex for 1980. However, if recent data are any guide, the differences between the sexes were relatively small in 1980.²

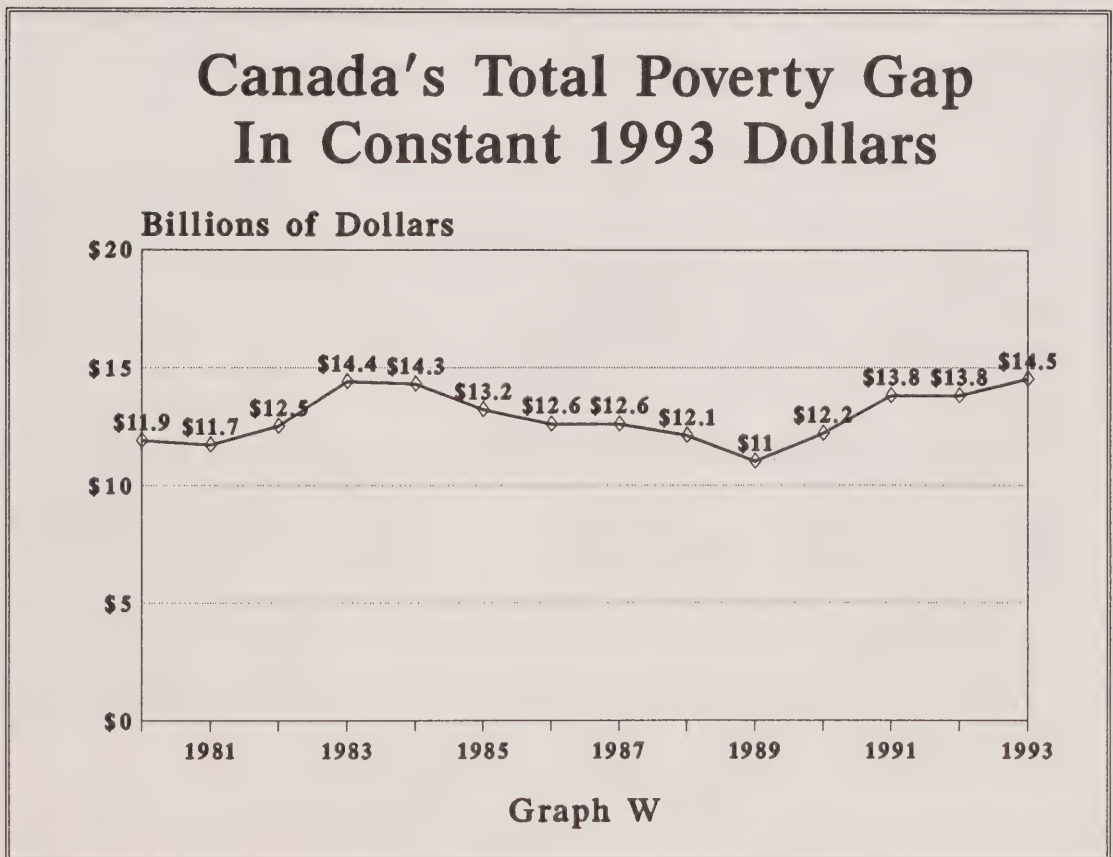
TABLE 10
TOTAL POVERTY GAP BY FAMILY TYPE, 1993

Family Type	Poverty Gap	Percentage of Total Gap
Couples under 65 with Children under 18	\$2,879,000,000	19.8%
Unattached Men under 65	\$2,863,000,000	19.7%
Single-Parent Mothers under 65 with Children under 18	\$2,764,000,000	19.0%
Unattached Women under 65	\$2,502,000,000	17.2%
Couples under 65 without Children	\$906,000,000	6.2%
Unattached Women 65 and Older	\$874,000,000	6.0%
Unattached Men 65 and Older	\$250,000,000	1.7%
Couples 65 and Older	\$237,000,000	1.6%
Others	\$1,239,000,000	8.8%
Total Poverty Gap	\$14,514,000,000	100.0%

Using the average depth of poverty in dollars for different family types and the number of families or unattached individuals in each group, it is possible to calculate Canada's total "poverty gap," or the amount of additional income that would be required to bring all Canadians above the poverty line in any given year.

The poverty gap in 1993 was \$14.5 billion, as shown in Table 10 on the previous page. Four family types accounted for more than three-quarters of the gap: couples under 65 with children under 18; unattached men under 65; single-parent mothers under 65 with children under 18; and unattached women under 65. The ranking of these four groups changes from year to year, but no other family types come close to the size of their poverty gaps.

Canada's poverty gap rose and fell in recent years in much the same way that poverty rates rose and fell, as shown in Graph W. All the dollar figures have been expressed in constant 1993 dollars to show the trends with the effects of inflation removed. The gap was \$11.9 billion in 1980, it rose to \$14.4 billion in 1983 in the wake of the recession, and it fell for most of the decade. With the start of another recession in 1990, the gap rose once again.



In addition to information on the depth of poverty, Statistics Canada also has information on "near poverty" or families and unattached individuals who are just above the poverty line. In 1993, there were 1.3 million unattached individuals with incomes below the poverty line and another 420,000 with incomes between the poverty line and 125 percent of the line. There were 1.1 million poor families and another 595,000 families with incomes between 100 and 125 percent of the poverty line.

With sizable numbers of Canadians living just below or just above the poverty line, the poverty statistics could change dramatically with major changes in the economy or major changes in government policy.

To get an idea of the possibilities, the National Council of Welfare recalculated the 1993 poverty rates for unattached individuals and families based on hypothetical best-case and worst-case scenarios.

In the best-case scenario, we assumed that all poor people with incomes between 75 and 100 percent of the poverty line got increases in income large enough to put them over the poverty line. The number of poor unattached individuals would have fallen from 1.3 million to 749,000 under this scenario, and the number of poor families would have dropped from 1.1 million to 617,000.

The worst-case scenario assumes that all people with incomes between 100 and 125 percent of the poverty line suddenly lost enough income to fall into poverty. The number of poor unattached people would have climbed from 1.3 million to 1.7 million, and the number of poor families would have gone from 1.1 million to 1.7 million.

Neither of these scenarios is likely to occur within the population as a whole, but there are thousands of people living near the poverty line who move in or out of poverty every year. Large numbers of seniors, for example, have incomes very close to the poverty line, and even a modest improvement in government programs for seniors could make a significant difference in the poverty rates.

POOR CANADIANS AND THEIR SOURCES OF INCOME

One measure of the financial plight of poor people is how far they live below the poverty line. Another is how their incomes compare to average incomes. Table 11 gives the average income of poor Canadians by family type in 1993, the average income of all Canadians by family type, and the relationship between the two. For example, unattached men under 65 who were poor had a total income of \$8,071 on average in 1993. The income of all unattached men under 65, both poor and non-poor, was \$27,388 on average. The average income of the poor amounted to 29 percent of the average income of all unattached men under 65.

TABLE 11

INCOMES OF THE POOR COMPARED TO AVERAGE INCOMES, 1993

Family Type	Average Income of Poor	Average Income of All	Income of Poor as Percentage of All
Unattached Men under 65	\$8,071	\$27,388	29%
Unattached Women under 65	\$8,198	\$23,509	35%
Unattached Women 65 and Older	\$11,735	\$16,886	69%
Childless Couples under 65	\$11,851	\$53,877	22%
Unattached Men 65 and Older	\$11,921	\$21,145	56%
Single-Parent Mothers under 65 with Children under 18	\$15,010	\$23,440	64%
Couples 65 and Older	\$16,816	\$37,121	45%
Couples under 65 with Children under 18	\$19,782	\$59,687	33%

The differences between the average incomes of the poor and all Canadians are sometimes striking. Poor couples under 65 with children under 18 had an average family income of \$19,782 in 1993, for example, while the average income of all couples with children under 18 was \$59,687 or roughly three times as large.

The differences were much less in the case of unattached seniors and single-parent mothers, because average incomes were much less. The average income for poor single-parent mothers under 65 with children under 18 was \$15,010 in 1993, but the average income of all single-parent mothers was only \$23,440 - much less than average incomes for all husband-wife families.

Obviously, many poor Canadians rely on government programs of one kind or another to help make ends meet. In some cases, the amounts provided by governments are surprisingly modest, and the amounts provided by earnings and non-government sources of income are substantial. In other cases, especially in the case of poor seniors, governments provide a very large portion of total income.

Table 12 shows the average amount of government assistance received by poor families and unattached individuals in 1993. The family types are ranked according to the amount of government assistance, with the smallest amounts first. The second column gives the average incomes of poor families and unattached individuals from all sources - the same figures as the previous table. The third column gives the percentage of total income from government sources.

Government programs of one kind or another provided 46 percent of total income on average for poor unattached women under 65 in 1993; 53 percent of total income for poor unattached men under 65; 47 percent for poor childless couples under 65; 47 percent for poor couples under 65 with children under 18; and 72 percent for single-parent mothers under 65 with children under 18. They provided 91 percent of total income for poor unattached women 65 and older; 94 percent for poor unattached men 65 and older; and 87 percent for poor senior couples.

TABLE 12
GOVERNMENT ASSISTANCE TO THE POOR, BY FAMILY TYPE, 1993

Family Type	Average Government Assistance	Average Income from All Sources	Government Assistance as Percentage of Total Income
Unattached Women under 65	\$3,781	\$8,198	46%
Unattached Men under 65	\$4,266	\$8,071	53%
Childless Couples under 65	\$5,611	\$11,851	47%
Couples under 65 with Children under 18	\$9,345	\$19,782	47%
Unattached Women 65 and Older	\$10,727	\$11,735	91%
Single-Parent Mothers under 65 with Children under 18	\$10,833	\$15,010	72%
Unattached Men 65 and Older	\$11,180	\$11,921	94%
Couples 65 and Older	\$14,553	\$16,816	87%

We now turn to specific sources of income for poor people, beginning with poor seniors. One reason that poverty rates for seniors have plummeted over the years has been the variety of government programs for seniors. The old age security pension and guaranteed income supplement are paid by the federal government from general revenues. Benefits under the Canada and Quebec Pension Plans are paid by the plans from the money built up from contributions by workers and employers.

Table 13 on the next page provides a closer look at these and other common sources of income for poor senior couples and poor unattached men and women 65 and older. For each family type, there are two columns. The first column indicates the percentage of poor families or unattached individuals with income from a particular source. The second column gives the

average amount received by recipients only. Poor people who did not receive a particular type of income were not included in calculating the average amount of that type of payment.

TABLE 13
SOURCES OF INCOME FOR POOR SENIORS, 1993

Source of Income	Poor Couples 65 and Older		Poor Unattached Men 65 and Older		Poor Unattached Women 65 and Older	
	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient
Old Age Pension and Guaranteed Income Supplement	89%	\$11,846	98%	\$7,226	99%	\$8,319
Canada and Quebec Pension Plans	67%	\$4,102	75%	\$4,387	59%	\$3,018
Investment Income	36%	\$1,976	22%	\$941	40%	\$1,830
Provincial Supplements	36%	\$2,174	32%	\$1,463	31%	\$744
Occupational Pension Plans	9%	\$4,829	19%	\$2,356	16%	\$2,444
Income from All Sources	100%	\$16,816	100%	\$11,921	100%	\$11,735

Almost all poor seniors got a sizable portion of their total incomes from the federal government's old age security pension and guaranteed income supplement. The reason the percentages are less than 100 percent is probably because some were recent immigrants to Canada who did not meet the residence requirements of the programs. The maximum amount of the old age security pension and guaranteed income supplement for senior couples in 1993 was \$16,272, and the maximum amount for an unattached senior was \$10,036.

The second most important source of income, claimed by 67 percent of poor senior couples, 75 percent of poor unattached senior men and 59 percent of poor unattached senior women was benefits from the Canada Pension Plan or Quebec Pension Plan. The maximum retirement benefit under the two plans was \$8,008 in 1993, and the maximum survivor pension for a person 65 and older was \$4,805. The maximums relate to career earnings above the average wage. People who had lower earnings during their careers get lower benefits.

Some poor seniors had income from investments, but the average amounts received were modest.

The category provincial supplements refers to those provinces which have income supplements for low-income seniors in addition to the federal guaranteed income supplement. The amounts provided by these programs vary greatly from province to province, and the amounts received were modest on average.

Finally, a fairly small proportion of poor seniors had income from occupational pension plans. Poor coverage has been a long-term problem of occupational pension plans, and Table 13 shows how little retirement income the plans provided to people who retired at the low end of the income scale.

A different picture emerges when we look at sources of income for poor people under 65. Earned income is often the major source of income, although welfare and unemployment insurance benefits are also important. Details are provided in Table 14 on the next page.

Earnings were the single most important source of income in 1993 for four of the five family types listed in Table 14, and they were the second most important source of income for poor single-parent families led by women. Earnings were reported by 55 percent of poor unattached men under 65; 58 per cent of poor unattached women under 65; 59 percent of poor childless couples under 65; 77 percent of poor couples under 65 with children under 18; and 48 percent of poor single-parent mothers under 65 with children under 18. The average amounts received in earnings were noteworthy in all cases. The average of \$6,949 earned by poor single-parent mothers, for example, was roughly equivalent to 35 weeks of work for 40 hours a week at a rate of \$5 an hour or roughly 17 weeks of full-time work at \$10 an hour.

TABLE 14

SOURCES OF INCOME FOR POOR FAMILIES AND INDIVIDUALS UNDER 65, 1993

Source of Income	Unattached Men		Unattached Women		Couples without Children		Couples with Children		Single-Parent Mothers	
	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient
Earnings	55%	\$6,111	58%	\$6,449	59%	\$8,416	77%	\$12,695	48%	\$6,949
Welfare	47%	\$5,826	36%	\$5,707	36%	\$7,544	36%	\$9,910	71%	\$10,163
Unemployment Insurance	13%	\$4,663	11%	\$3,721	17%	\$4,845	33%	\$6,495	14%	\$4,857
Investment Income	8%	\$1,585	15%	\$1,678	26%	\$1,791	15%	\$2,108	5%	\$1,309
Child Tax Benefit	--	--	--	--	--	--	100%	\$2,517	99%	\$2,208
Canada and Quebec Pension Plans	7%	\$5,552	14%	\$4,551	20%	\$5,920	4%	\$6,425	4%	\$4,868
Child and/or Spousal Support	--	--	2%	\$5,427	--	--	2%	\$1,405	16%	\$3,604
Occupational Pension Plans	1%	\$6,388	3%	\$4,910	7%	\$6,162	2%	\$8,748	--	--
Income from All Sources	100%	\$8,071	100%	\$8,198	100%	\$11,851	100%	\$19,782	100%	\$15,010

A sizable portion of each of the five family types received welfare during 1993. Welfare payments were reported by 47 percent of the poor unattached men under 65; 36 percent of the poor unattached women under 65; 36 percent of the poor childless couples under 65; 36 percent of the poor couples under 65 with children under 18; and 71 percent of the poor single-parent mothers under 65 with children under 18. Judging by the average amounts received, many of the poor unattached men and women and the poor single-parent families were on welfare much of the year. Poor couples, with or without children, seem to have spent less time on welfare on average. As the National Council of Welfare reported in Welfare Incomes 1993, unattached people could have received provincial welfare and related benefits ranging between \$3,060 and \$8,306 a year, single parents with one child between \$8,480 and \$15,061, and couples with two children \$9,512 to \$19,765.³

Unemployment insurance benefits were reported by 13 percent of the poor unattached men under 65; 11 percent of the poor unattached women under 65; 17 percent of the poor childless couples under 65; 33 percent of the poor couples under 65 with children under 18; and 14 percent of the poor single-parent mothers under 65 with children under 18. As in the case of earnings, the average amounts received suggest that poor families or unattached people were on UI for fairly long periods of time. The federal government changed benefit levels for unemployment insurance as of April 4, 1993. Prior to April 4, the plan paid recipients 60 percent of their normal wages to a maximum benefit of \$447 a week. After April 4, the rate was 57 percent to a maximum of \$425 a week.

A relatively small percentage of poor families and unattached individuals under 65 had income from investments.

The federal child tax benefit was introduced in 1993 to replace family allowances, the refundable child tax credit and the non-refundable credit for families with children under 18 who pay federal income tax. The maximum child tax benefit in most parts of Canada in 1993 was \$1,233 for each child under age seven and \$1,020 for each child seven through 17. The rates are somewhat different in Quebec and Alberta at the request of the two provincial governments.⁴

Canada and Quebec Pension Plan benefits were claimed by 14 percent of poor unattached women under 65, 20 percent of poor couples under 65 without children, and much smaller percentages of the three other family types. The Survey of Consumer Finances does not specify

the type of benefit, but they could be people between 60 and 65 who took early retirement, widows or widowers who received survivor pensions from the plans, or people who got disability pensions.

Similarly, people who got money from occupational pension plans could have received retirement, survivor or disability pensions.

Statistics Canada added a question about child and spousal support to its survey forms in its survey of incomes for 1993. Table 14 shows that 16 percent of poor single-parent mothers under 65 received support payments in 1993, and the average amount received was \$3,604. Two percent of poor unattached women under 65 and two percent of couples with children under 18 received support payments from previous marriages.

Supplemental data provided by the bureau at the request of the National Council of Welfare showed that the poverty rate for families led by single-parent mothers with children under 18 who received spousal or child support was 47.1 percent, while the rate for families led by single-parent mothers with no support payments was 62.8 percent.

The data also suggest that support payments tend to decrease reliance on welfare. Fifty-eight percent of the poor single-parent mothers who received spousal or child support relied on welfare sometime in 1993, and the average amount of welfare received was \$8,311. For the poor single-parent mothers who did not report spousal or child support, the percentage relying on welfare was 74 percent and the average amount of welfare received was \$10,444.

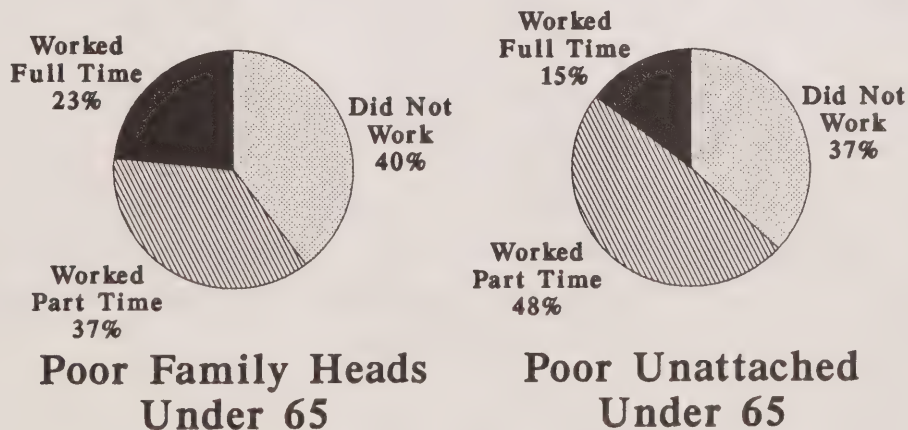
A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST

The Low-Wage Poor

The low-wage poor or "working poor" are poor people who are normally in the labour force. Some researchers reserve the term for poor people who have full-time jobs for virtually the entire year. Others include poor people who have strong ties to the labour market regardless of the number of weeks worked or the normal hours of work each week.⁵

Graph X gives a breakdown of poor family heads and unattached individuals who worked full time or part time or did not work at all for wages during 1993. In these calculations, Statistics Canada excluded family heads and unattached individuals 65 and older, as well as younger people who reported that they were permanently unable to work.

Work Activity by Family Heads and Unattached People, 1993



Graph X

Full time means the person worked at least 49 weeks during the year and the normal work week was 30 hours or more. Part time means the person worked less than 49 weeks a year or less than 30 hours a week.

Overall, 23 percent of poor family heads under 65 worked full time in 1993, 37 percent worked part time and the remaining 40 percent did not work at all for wages. Among poor unattached individuals under 65, 15 percent worked full time, 48 percent worked part time and the other 37 percent did not work at all for wages.

These figures reflect a deterioration in the employment patterns of poor people, presumably due to the recession and its aftermath. In 1990, 27 percent of poor family heads worked full time, 40 percent worked part time and 33 percent did not work. The comparable 1990 figures for poor unattached individuals were 19 per cent who worked full time, 54 percent who worked part time and 27 per cent who did not work.

Another way to define the low-wage poor is families and unattached individuals living below the poverty line who get at least half of their total income from employment. This definition puts aside the distinction between full-time and part-time work and focuses on poor people who spend a substantial part of the year in paid jobs.

Table 15 on the next page shows the low-wage poor by family type using this second definition. As in Graph X, the table excludes people 65 and older and people permanently unable to work.

Earnings were the most important source of income for a sizable portion of four of the five family types shown. Forty-seven percent of the poor unattached men under 65, 50 percent of the poor unattached women, 51 percent of the poor couples without children and 56 percent of the poor couples with children were working poor. The exception to the rule was single-parent mothers. Only 21 percent of the poor single-parent mothers under 65 with children under 18 got half or more of their total income from earnings.

TABLE 15
POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65
WITH EARNINGS OF 50 PERCENT OR MORE OF TOTAL INCOME, 1993

	Unattached Men	Unattached Women	Childless Couples	Couples with Children	Single-Parent Mothers
Total Number of Poor Families or Unattached People*	394,000	360,000	132,000	356,000	315,000
Number with Earnings of 50 Percent or More of Total Income	185,000	179,000	67,000	199,000	66,000
Percentage with Earnings of 50 Percent or More of Total Income	47%	50%	51%	56%	21%
Average Annual Earnings	\$7,422	\$7,593	\$10,149	\$16,241	\$11,857
Average Income from Sources Other than Earnings	\$1,010	\$919	\$2,039	\$5,189	\$4,226
Average Total Income	\$8,432	\$8,512	\$12,188	\$21,430	\$16,083
Earnings as a Percentage of Total Income	88%	89%	83%	76%	74%

* The table excludes people 65 and older and people permanently unable to work.

The lower part of Table 15 shows the average incomes of the low-wage poor and the importance of their earnings. Average earnings for unattached men and women, for example, were the equivalent of 37 weeks of work at \$5 an hour for 40 hours a week. Average earnings for families were substantially higher, suggesting that family heads either received higher wage rates or had a second wage-earner in the family.

The table also suggests that few low-wage poor families or unattached people relied very much on welfare or unemployment insurance, since the average amounts of income aside from earnings were small. Probably most of the other income came from programs such as the federal GST credit or federal child tax benefit.

Although the figures were limited to poor people with earnings that amounted to at least half of total income, the last row of the table shows that a much larger portion of total income typically came from earnings. Earnings accounted for between 74 percent and 89 percent on average of total income for the different family types.

Children

Child poverty rates are a reflection of parental poverty rates and tend to rise or fall as economic conditions deteriorate or improve. The most striking difference year after year is the huge gulf between the poverty rates for children in two-parent families and the rate for children of single-parent mothers. There are also important differences from province to province.

Table 16 on the next page gives the 1993 poverty rates and number of children living in poverty by family type and province. The category "poor children in all family types" includes a small number of children who do not fall into either of the two main family types listed. The national total of 1,415,000 poor children, for example, included 69,000 poor children under 18 living in less common family circumstances. Some of them lived with single-parent fathers under 65, parents who were 65 or older, or relatives other than parents.

In 1993, 20.8 percent of all Canadian children under 18 were poor. The lowest provincial child poverty rate was 9.7 percent in Prince Edward Island, and the highest was 24.1 percent in Manitoba. The national poverty rate for poor children in two-parent families was

13.4 percent, and provincial rates went from a low of 6.1 percent in P.E.I. to a high of 16.3 percent in Newfoundland. The poverty rates for children of single-parent mothers were abysmally high. The national rate was 63.8 percent, and the range was from 35.4 percent in Prince Edward Island to 76.3 percent in Manitoba and 76.6 percent in New Brunswick.

TABLE 16
CHILDREN UNDER 18 LIVING IN POVERTY IN 1993

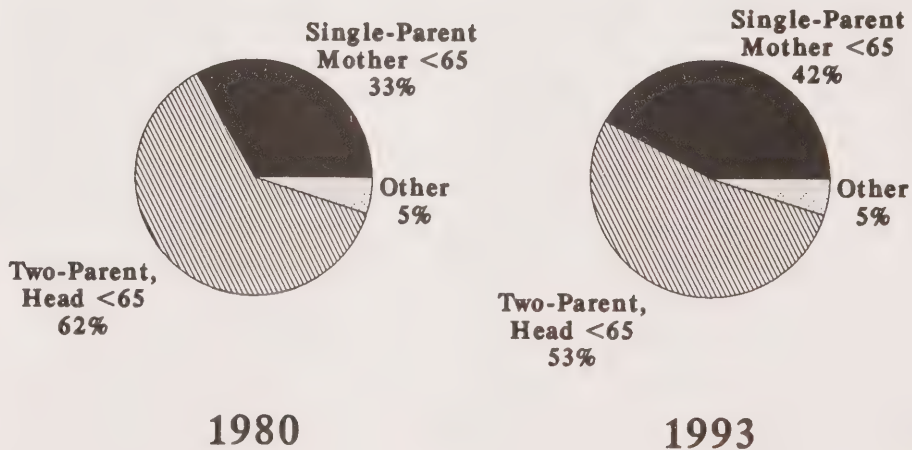
	Poor Children in All Family Types		Poor Children of Two-Parent Families under 65		Poor Children of Single-Parent Mothers under 65	
	Poverty Rate	Number of Children	Poverty Rate	Number of Children	Poverty Rate	Number of Children
Newfoundland	20.7%	32,000	16.3%	22,000	67.8%	8,000
Prince Edward Island	9.7%	3,000	6.1%	2,000	35.4%	1,000
Nova Scotia	22.1%	48,000	12.2%	22,000	73.7%	25,000
New Brunswick	17.5%	31,000	10.0%	15,000	76.6%	15,000
Quebec	20.9%	348,000	14.6%	207,000	64.0%	129,000
Ontario	20.9%	525,000	13.1%	264,000	61.0%	238,000
Manitoba	24.1%	64,000	15.9%	36,000	76.3%	25,000
Saskatchewan	22.6%	59,000	14.7%	33,000	69.6%	23,000
Alberta	19.8%	140,000	13.0%	77,000	61.9%	52,000
British Columbia	20.5%	164,000	11.4%	73,000	64.4%	78,000
Canada	20.8%	1,415,000	13.4%	752,000	63.8%	595,000

Between 1992 and 1993, poverty rates for all children rose in seven provinces and together gave Canada its highest rate in 14 years. Provincial poverty rates for all poor children hit 14-year highs in Nova Scotia, Ontario and British Columbia.

The only decreases between 1992 and 1993 were in Newfoundland, Prince Edward Island and Alberta. The P.E.I. rate of 9.7 percent for all children in 1993 was a 14-year low.

One of the long-standing myths about child poverty is that most poor children live in single-parent households. Table 16 shows that this is not the case for Canada as a whole. In 1993, 752,000 poor children lived in two-parent families under 65, while 595,000 poor children lived in single-parent families headed by women under 65. The two provinces that proved to be exceptions to the norm were Nova Scotia and British Columbia. Poor children living with single-parent mothers outnumbered poor children in two-parent families 25,000 to 22,000 in Nova Scotia and 78,000 to 73,000 in B.C.

Poor Children By Family Type, 1980 and 1993



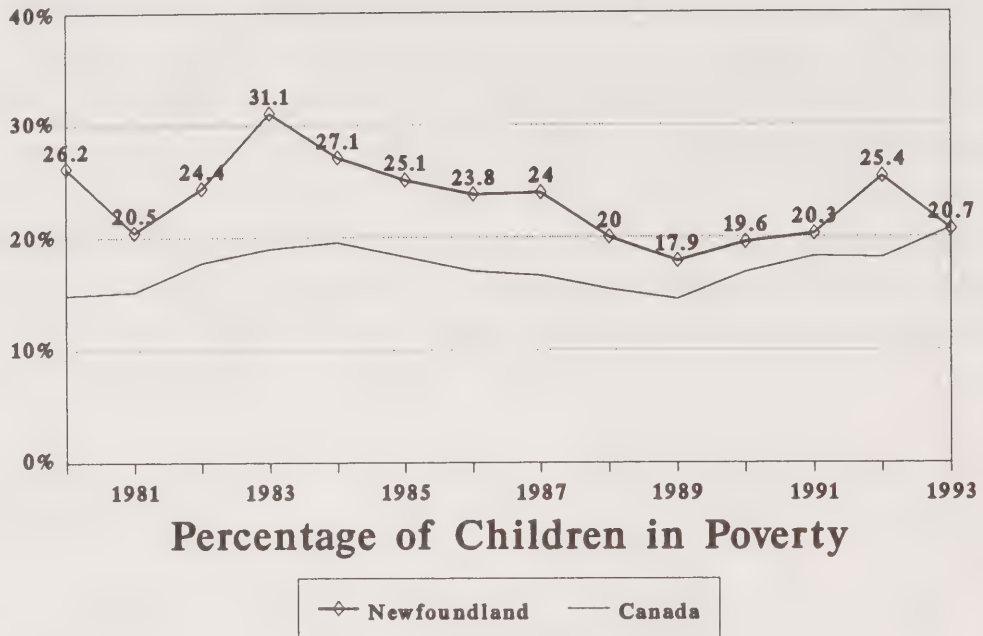
Graph Y

Nonetheless, the proportion of poor children living with single-parent mothers has grown substantially in recent years. As Graph Y shows, 33 percent of all poor children in 1980 lived in families headed by single-parent mothers, and most of the rest lived in two-parent families. By 1993, the percentage of poor children with single-parent mothers was up to 42 percent and the percentage living with both parents was down to 53 percent.

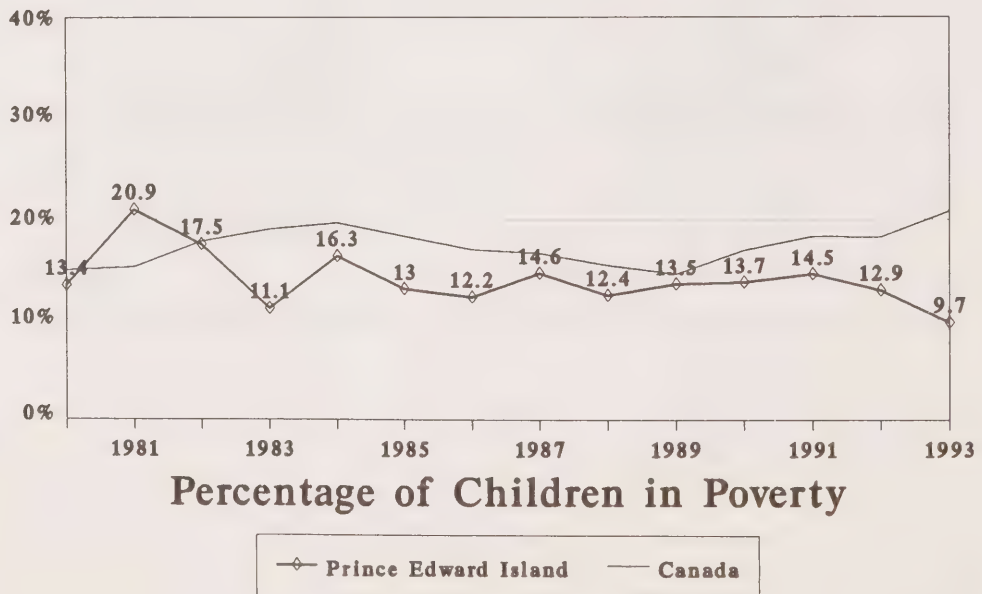
Provincial trends in child poverty are shown in the graphs on the following five pages. Each graph gives overall child poverty rates from 1980 through 1993. For purposes of comparison, each graph also contains a line without percentages that traces the national child poverty rate.

Prince Edward Island and Ontario had child poverty rates that were below average for all or most of the period. Newfoundland, Quebec, Manitoba and Saskatchewan were generally higher than average. Rates in Nova Scotia and British Columbia were mixed. Rates in New Brunswick fell to below average in 1992 and 1993, and the 1992 figure of 15.5 percent was a modern-day low. Rates in Alberta rose to higher than average by the late 1980s and hit a modern-day high of 23.3 percent in 1992.

Newfoundland

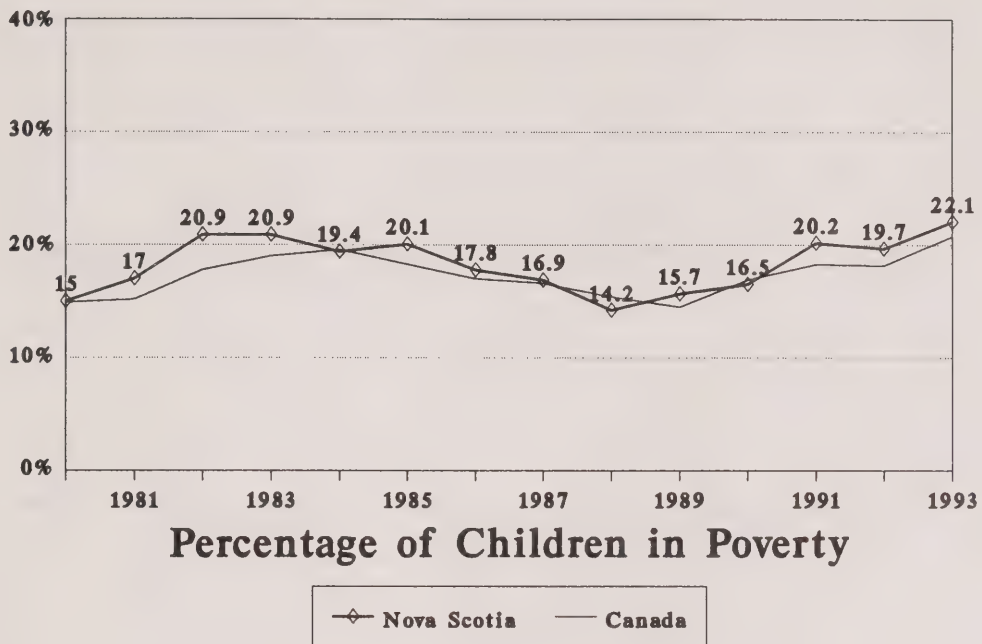


Prince Edward Island

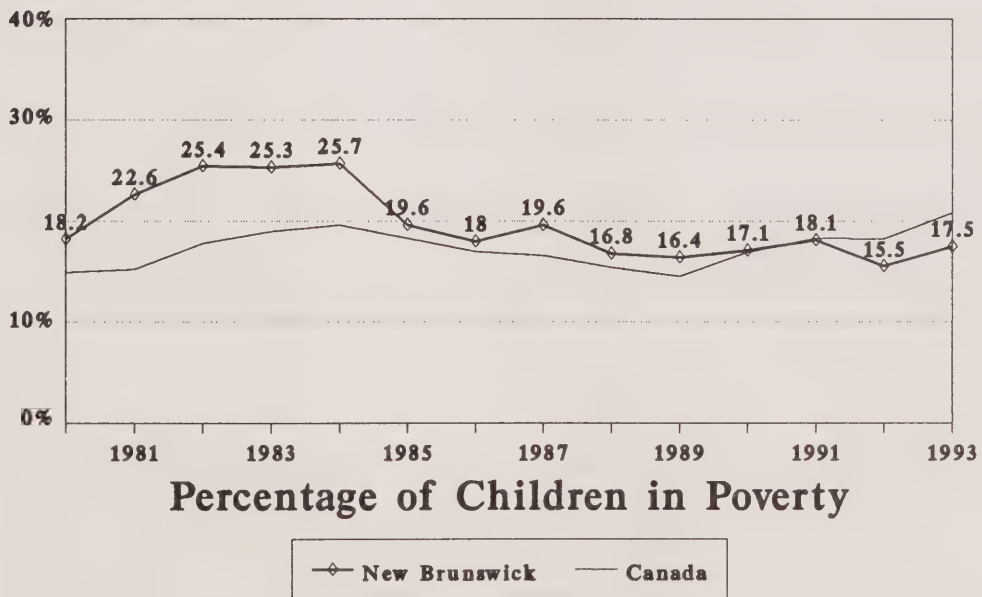


Graph Z

Nova Scotia

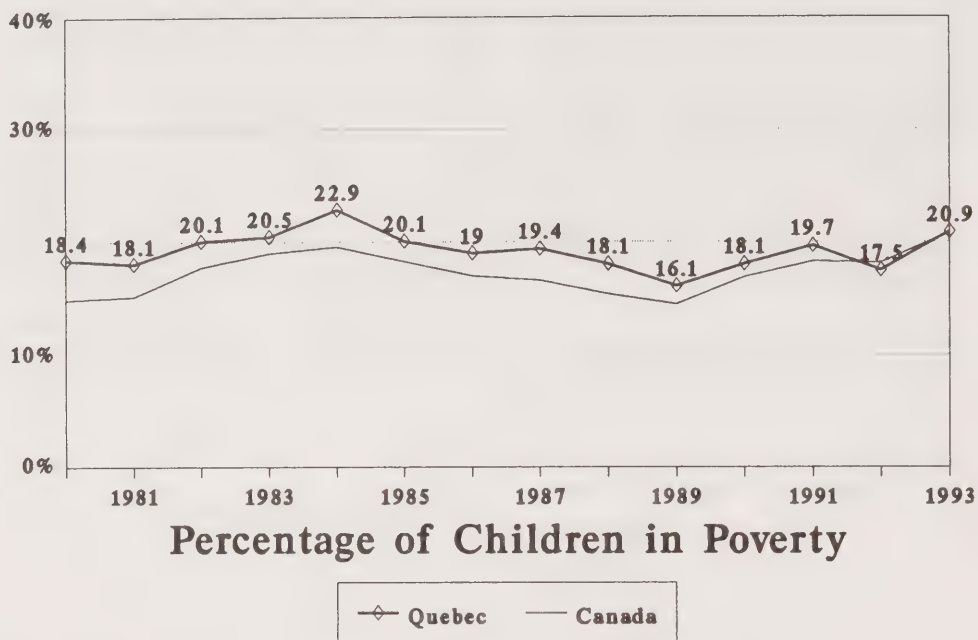


New Brunswick

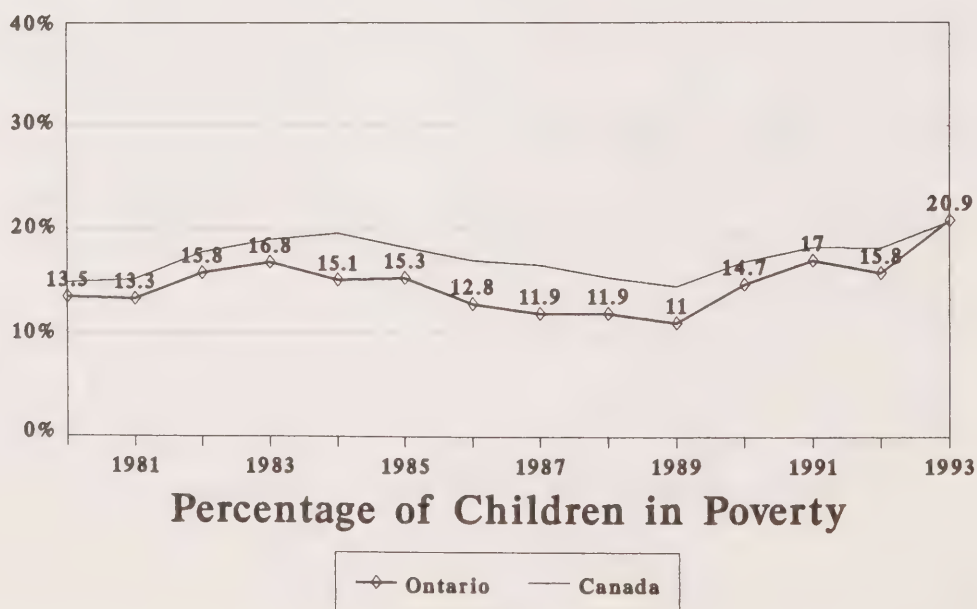


Graph AA

Quebec

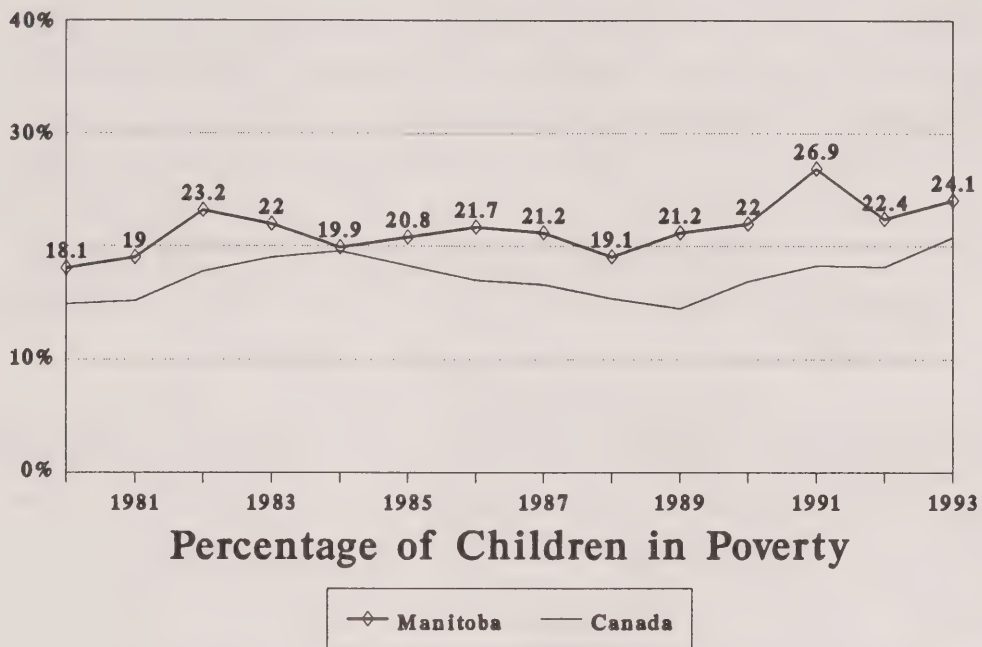


Ontario

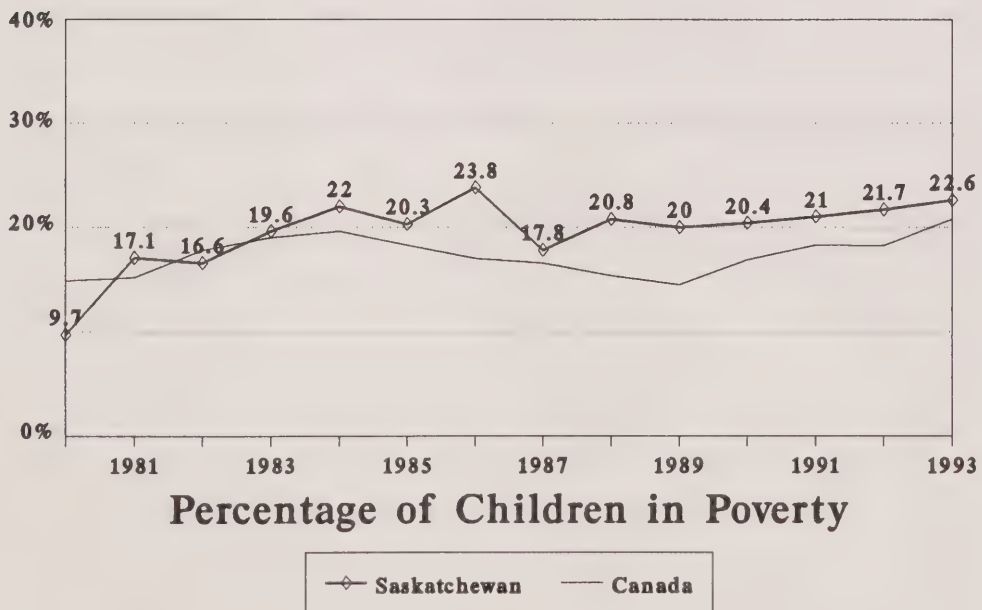


Graph AB

Manitoba

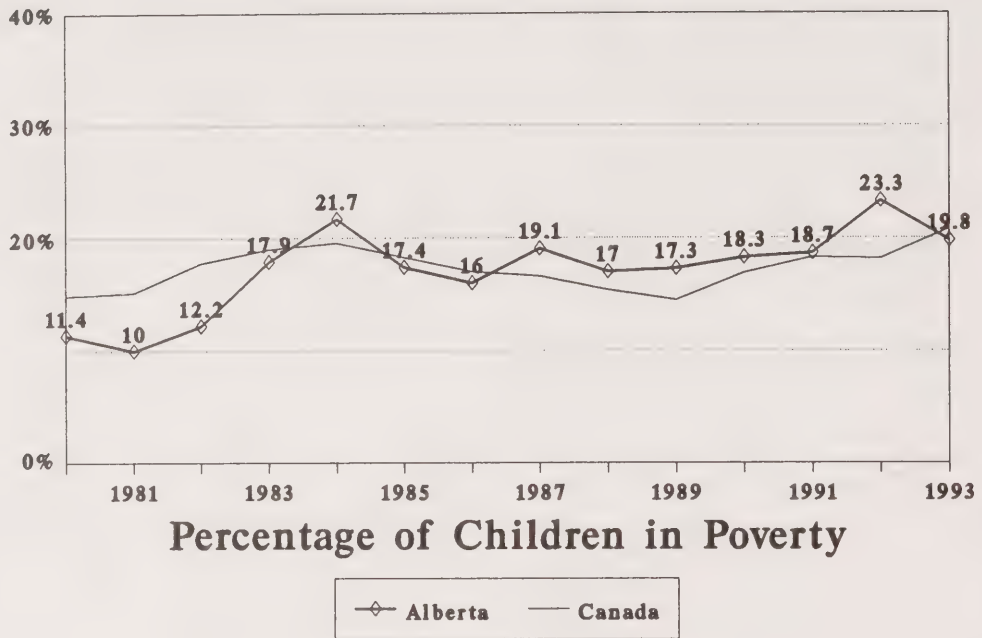


Saskatchewan

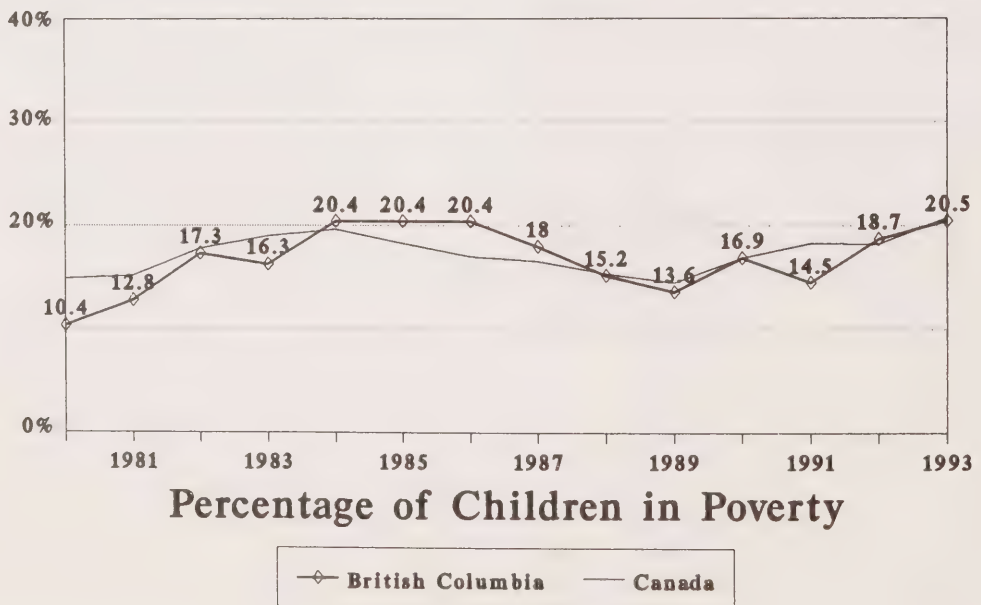


Graph AC

Alberta



British Columbia



Graph AD

Women

As we showed earlier, women face a significantly higher risk of poverty than men. Table 17 gives the poverty rates for women and men age 18 and older for the years 1980 through 1993, and ratio of female to male rates each year.

TABLE 17 TRENDS IN POVERTY AMONG WOMEN AND MEN 18 AND OLDER					
	Adult Women		Adult Men		Ratio of Female to Male Poverty Rates
	Poverty Rate	Number of Poor	Poverty Rate	Number of Poor	
1980	18.0%	1,565,000	12.7%	1,058,000	1.42
1981	17.8%	1,567,000	12.6%	1,063,000	1.40
1982	18.1%	1,624,000	13.6%	1,160,000	1.33
1983	20.1%	1,836,000	15.4%	1,334,000	1.30
1984	19.7%	1,817,000	14.9%	1,304,000	1.31
1985	18.8%	1,754,000	14.0%	1,240,000	1.34
1986	17.7%	1,677,000	13.4%	1,197,000	1.31
1987	17.4%	1,673,000	12.9%	1,176,000	1.34
1988	17.1%	1,664,000	11.7%	1,081,000	1.46
1989	15.5%	1,534,000	10.7%	1,001,000	1.45
1990	16.2%	1,622,000	11.3%	1,079,000	1.43
1991	17.3%	1,767,000	12.7%	1,234,000	1.36
1992	17.4%	1,804,000	13.1%	1,289,000	1.33
1993	18.5%	1,949,000	13.9%	1,398,000	1.33

In 1980, the poverty rate for adult women was 18 percent, the rate for adult men was 12.7 percent, and the rate for women was 1.42 times the rate for men. In 1993, the poverty rate for women was 18.5 percent, the rate for men was 13.9 percent and the ratio between the sexes was 1.33.

The year-to-year poverty rates for women and men tend to follow the ups and downs in the economy. The gap between the sexes appears to narrow slightly in tough economic times, but the changes in the ratio are small.

Most of the differences between the sexes can be explained by the high poverty rates of three family types: unattached women under 65, unattached women 65 and older, and single-parent mothers under 65 with children under 18. The 1993 poverty rate for unattached women under 65 was 37.9 percent, compared to 32.3 percent for unattached men under 65. For unattached seniors, the poverty rates were 47.3 percent for women and 32.1 percent for men. Single-parent families led by women with children under 18 had a poverty rate of 59.8 percent in 1993, a rate many times higher than the rates for married couples.

Aside from these three high-risk groups of women, there were no significant differences in the poverty rates for adult women and men. The vast majority of families are husband-wife families, and the poverty rates for husbands and wives are identical in all these cases.

In younger husband-wife families, one fact that deserves special mention is the role women play in keeping their families out of poverty through their earnings. Although women earn less on average than men and face a number of barriers to equal participation in the labour force, their contribution is essential in keeping family poverty rates low.

To get a better idea of the importance of the earnings of married women, we asked Statistics Canada to take its 1993 income data on husband-wife families under age 65, subtract the earnings of the wives, and calculate hypothetical poverty rates for families with the wives' earnings removed. The results appear in Table 18.

The actual 1993 poverty rate for all husband-wife families under age 65 was 10.4 percent, and a total of 552,000 families were living in poverty. With the earnings of wives removed and everything else remaining the same, the poverty rate would have jumped to 21.4

percent, and the number of families living in poverty would have more than doubled to 1,136,000.

The pattern was more or less the same across the country. If wives had stayed out of the paid labour force in 1993 and everything else had stayed the same, poverty rates and the number of poor families would have been much higher in all provinces.

TABLE 18

**POVERTY RATES FOR FAMILIES WITH TWO SPOUSES UNDER AGE 65,
WITH AND WITHOUT THE EARNINGS OF WIVES, 1993**

	Percentage of Families Who Were Poor in 1993	Percentage of Families Who Would Have Been Poor Without the Earnings of Wives
Newfoundland	13.8%	22.9%
Prince Edward Island	5.5%	16.1%
Nova Scotia	9.3%	18.6%
New Brunswick	8.6%	15.9%
Quebec	12.7%	24.2%
Ontario	9.2%	19.6%
Manitoba	10.5%	23.6%
Saskatchewan	10.3%	24.6%
Alberta	10.3%	21.0%
British Columbia	9.1%	21.1%
Canada	10.4%	21.4%

Seniors

Table 19 on the next page gives the poverty rates for senior men and women in each province in 1980, 1992 and 1993, the changes between 1980 and 1993, and the changes between 1992 and 1993.

Over the years, the poverty rates for seniors have fallen dramatically, and many of the figures for 1992 were record lows or near-record lows. Between 1992 and 1993, increases were the order of the day.

For men 65 and older, poverty rates rose between 1992 and 1993 in Nova Scotia, New Brunswick, Quebec, Ontario and Saskatchewan. For women 65 and older, the rates went up in Prince Edward Island, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan and British Columbia.

The increases in Quebec and Ontario were particularly discouraging. Quebec has long had poverty rates for seniors well above the national average - possibly because it is the only large province without provincial income supplements for older people who are poor. Ontario has traditionally had below-average poverty rates for seniors, but the increases in 1993 were so large that they had a dramatic effect on the national picture. In fact, most of the national increase in poverty among seniors in 1993 was due to the rise in poverty among seniors in Ontario.

On the brighter side, there were a few reductions in poverty among seniors in 1993 that are worth highlighting. Poverty rates for both men and women 65 and older were down in Newfoundland and Alberta. Among senior women, the Newfoundland rate of 17.6 percent and the Alberta rate of 22.6 percent were both record lows. Among senior men, there were record lows of 5.8 percent in Prince Edward Island and 12.7 percent in British Columbia.

TABLE 19

POVERTY RATES FOR MEN AND WOMEN 65 AND OLDER BY PROVINCE

	Men					Women				
	1980	1992	1993	% Change 1980-1993	% Change 1992-1993	1980	1992	1993	% Change 1980-1993	% Change 1992-1993
Newfoundland	27.6	18.1	13.1	-53%	-28%	36.9	23.1	17.6	-52%	-24%
Prince Edward Island	33.7	6.4	5.8	-83%	-9%	52.7	11.9	12.6	-76%	+6%
Nova Scotia	22.8	7.6	8.4	-63%	+11%	31.5	25.1	21.1	-33%	-16%
New Brunswick	22.1	5.4	8.3	-62%	+54%	34.2	16.5	22.0	-36%	+33%
Quebec	33.7	19.4	21.4	-36%	+10%	46.2	32.3	34.2	-26%	+6%
Ontario	24.0	7.6	12.9	-46%	+70%	34.3	18.9	22.3	-35%	+18%
Manitoba	23.8	16.3	12.6	-47%	-23%	41.2	24.4	24.9	-40%	+2%
Saskatchewan	28.1	5.4	8.1	-71%	+50%	49.0	13.4	15.7	-68%	+17%
Alberta	25.2	15.8	13.7	-46%	-13%	38.8	26.0	22.6	-42%	-13%
British Columbia	29.6	14.8	12.7	-57%	-14%	32.7	21.7	23.6	-28%	+9%
Canada	27.3	12.4	14.4	-47%	+16%	38.4	23.3	25.1	-35%	+8%

FOOTNOTES

1. The methodology used to set the 1992 base low income cut-offs is the same. However, the survey data estimated average expenditures on food, shelter and clothing at 34.7 percent of total income, so it was assumed that low-income people would spend 54.7 percent or more of their incomes on necessities.
2. Detailed depth of poverty statistics using the 1986 base low income cut-offs were published by Statistics Canada in May 1992 in a monograph entitled LICO/LIM Income Deficiency/Surplus Tables 1980-1990.
3. The income ranges were taken from Table 5 of Welfare Incomes 1993. They are made up of provincial welfare and other provincial benefits.
4. Payments in Alberta varied with the age of the child, and payments in Quebec varied with the age of the child and the number of children in a family.
5. For a very strict definition of the term, see Ross, David P., E. Richard Shillington and Clarence Lochhead, The Canadian Fact Book on Poverty - 1994 (Ottawa: The Canadian Council on Social Development, 1994), p. 75. For a very loose definition, see Gunderson, Morley, and Leon Muszynski with Jennifer Keck, Women and Labour Market Poverty (Ottawa: Canadian Advisory Council on the Status of Women, 1990), pp. 57-61.

APPENDIX

STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1994

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	\$ 15,479	\$ 13,596	\$ 13,282	\$ 12,108	\$ 10,538
2	20,981	18,430	18,004	16,411	14,286
3	26,670	23,426	22,884	20,860	18,157
4	30,708	26,969	26,348	24,019	20,905
5	33,550	29,467	28,787	26,242	22,841
6	36,419	31,983	31,246	28,483	24,792
7+	39,169	34,403	33,609	30,638	26,666

**NATIONAL COUNCIL OF WELFARE ESTIMATES OF
STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1995***

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	\$ 15,758	\$ 13,841	\$ 13,521	\$ 12,326	\$ 10,728
2	21,359	18,762	18,328	16,706	14,543
3	27,150	23,848	23,296	21,235	18,484
4	31,261	27,454	26,822	24,451	21,281
5	34,154	29,997	29,305	26,714	23,252
6	37,075	32,559	31,808	28,996	25,238
7+	39,874	35,022	34,214	31,189	27,146

* based on inflation of 1.8 percent as forecast in the 1995 budget speech

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The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

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Poverty Profile 1994

A Report by the
National Council of Welfare



Spring 1996

POVERTY PROFILE 1994

**A Report by the
National Council of Welfare**

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TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
METHODOLOGY AND DEFINITIONS	4
RECENT POVERTY TRENDS	9
Poverty Trends for Individual Canadians	9
Poverty Trends for Families and Unattached Individuals	14
VIEW FROM THE PROVINCES	20
SNAPSHOTS OF POVERTY IN 1994	32
Family Type	32
Additional Differences by Age, Sex and Family Type	34
Work Activity	37
Number and Age of Children	40
Education	42
Homeowners and Renters	46
Year of Immigration	48
Area of Residence	49
DEPTH OF POVERTY AND THE POVERTY GAP	51
POOR CANADIANS AND THEIR SOURCES OF INCOME	59
A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST	69
The Low-Wage Poor	69
Children	72
Women	81
Seniors	84
CONCLUSION	86
FOOTNOTES	88
APPENDIX A: POVERTY LINES FOR 1995 AND 1996	89
APPENDIX B: REGIONAL POVERTY STATISTICS, 1994	90

INTRODUCTION

The United Nations has designated 1996 as the International Year for the Eradication of Poverty, and the latest available statistics show that Canada still has a long way to go to meet this goal. Nearly 4.8 million children, women and men - one of every six Canadians - were living in poverty in 1994, and the overall national poverty rate was 16.6 percent. In a country as rich as Canada, these figures bear witness to the failure of successive federal, provincial and territorial governments to provide for the well-being of a significant portion of the people they were elected to represent.

Poverty Profile 1994 is the latest in a series of annual reports by the National Council of Welfare based on factual material collected by Statistics Canada. It includes numerous statistics for 1994 and poverty trends dating back to 1980.

As in previous years, families headed by single-parent mothers and "unattached" people or people living outside families were among the groups of Canadians most likely to be poor.

Single-parent mothers had poverty rates many times higher than husband-wife families. The poverty rate for all single-parent mothers under 65 with children under 18 was 57.3 percent in 1994. Single-parent mothers under age 25 had a poverty rate of 89.6 percent. Single-parent mothers who did not graduate from high school had a rate of 82.3 percent. And single-parent mothers with children under seven had rates as high as 82.8 percent.

Unattached women and men 65 and older had record low poverty rates in 1994, but they still were many times higher than the poverty rate of 6.8 percent for elderly married couples. The rate for unattached elderly women was 44.1 percent, and the comparable rate for men was 25.2 percent.

The plight of unattached people under the age of 25 was much worse. Their poverty rate in 1994 was 63.8 percent.

When we look at the actual dollars and cents that poor people had to live on, the picture is just as dismal. A total of 226,000 families and 367,000 unattached people had incomes in 1994 that amounted to less than half the poverty line.

Despite these grim realities, winning the war on poverty is not an unrealistic goal. Statistics Canada estimates that the cost of bringing all poor people out of poverty in 1994 would have been \$15.2 billion. That's a huge, but not outrageous amount of money in a country where the federal, provincial and territorial governments spent in the order of \$350 billion in 1994 and where the value of all the goods and services produced was \$750 billion.

Better job opportunities, better income support programs and better pension programs all would help close the poverty gap.

The 1994 edition of Poverty Profile has new tables that give a clearer picture of income distributions in Canada - from people living well below the poverty line to those living well above the line. Other new tables focus on Canadians under 65 and underline the relative importance of earnings, unemployment insurance and welfare as primary sources of income for poor people. A second appendix has been added with detailed regional information about poverty in the Atlantic provinces, Quebec, Ontario and the West.

Like its predecessors, Poverty Profile 1994 describes which groups of Canadians are poor, but it does not dwell on the reasons for their poverty. The loss of a job, the loss of a spouse or the loss of good health are among the most common reasons.

This report is an analysis of the facts rather than a master plan for eliminating poverty, and it contains no specific recommendations as such. Over the years, the National Council of Welfare has published many other reports full of proposals for combatting poverty. Among them are A Blueprint for Social Security Reform, Fighting Child Poverty, Women and Poverty Revisited, Welfare in Canada: The Tangled Safety Net and Pension Reform.

Finally, the data on poverty gathered by Statistics Canada provide a snapshot of poverty for one year only. They do not tell us how many people who were poor in 1994 were poor in previous years or how long they were likely to remain poor. There is relatively little reliable information on the duration of poverty in Canada, but a 1992 study by the Economic Council of Canada estimated that as many as one of every three Canadians will be poor sometime during their working lives.¹

Despite these limitations, the National Council of Welfare believes that Poverty Profile 1994 will shed some light on a subject that is much discussed and little understood. Myths and stereotypes about poverty and poor people are deeply rooted in our society. It is our hope that this report will help dispel these misconceptions and promote a better understanding of the millions of people who do not share the great bounty that Canada has to offer.

METHODOLOGY AND DEFINITIONS

Every year, Statistics Canada conducts a household survey known as the Survey of Consumer Finances to obtain information on the distribution of income and the nature and extent of poverty in Canada. The survey on which this report is based, conducted in April of 1995, sampled 37,594 private households from all parts of the country except for Yukon, the Northwest Territories, Indian reserves, and institutions such as prisons, mental hospitals, and homes for the elderly. The survey looked at incomes for the 1994 calendar year.

The results were published by Statistics Canada under the title Income Distributions by Size in Canada, 1994. That publication and a companion booklet entitled Low Income Persons, 1980-1990 are major sources for this report. Statistics Canada also provided previously unpublished data to the National Council of Welfare. We are grateful for the assistance provided by officials of the Bureau, especially Kevin Bishop and Edith Lamoureux of the Income and Housing Surveys Section. The analysis and interpretation of the data, however, is the responsibility of the National Council of Welfare, not Statistics Canada.

Information about poverty is obtained by comparing the survey data with the low income cut-offs of Statistics Canada. The cut-offs represent levels of gross income where people spend disproportionate amounts of money for food, shelter and clothing. The Bureau has decided over the years - somewhat arbitrarily - that 20 percentage points is a reasonable measure of the additional burden. The average Canadian family spent 36.2 percent of gross income on food, shelter and clothing according to 1986 data on spending patterns, so it was assumed that low-income Canadians spent 56.2 percent or more on the necessities of life.

The low income cut-offs vary by the size of the family unit and the population of the area of residence. There are seven categories of family size, from one person to seven or more persons, and five community sizes ranging from rural areas to cities with 500,000 or more residents. The result is a set of 35 cut-offs. The cut-offs are updated annually by Statistics Canada using the Consumer Price Index.

The cut-offs used in this report for the year 1994 are technically known as the 1986 base cut-offs, because of the year in which spending on food, shelter and clothing was surveyed. The

entire set of 35 cut-offs for 1994 appears below as Table 1. Comparable cut-offs for 1995 and the National Council of Welfare's estimates of the cut-offs for 1996 appear in Appendix A.

<p>TABLE 1</p> <p><u>STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1994</u></p>					
Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	\$ 15,479	\$ 13,596	\$ 13,282	\$ 12,108	\$ 10,538
2	20,981	18,430	18,004	16,411	14,286
3	26,670	23,426	22,884	20,860	18,157
4	30,708	26,969	26,348	24,019	20,905
5	33,550	29,467	28,787	26,242	22,841
6	36,419	31,983	31,246	28,483	24,792
7+	39,169	34,403	33,609	30,638	26,666

Over the years, Statistics Canada has published several other sets of low income cut-offs, and the Bureau started using 1992 base cut-offs as its preferred measure in Income Distributions by Size in Canada, 1992. Readers are cautioned that the poverty statistics in this report using the 1986 base cut-offs differ slightly from reports using the 1992 base cut-offs.²

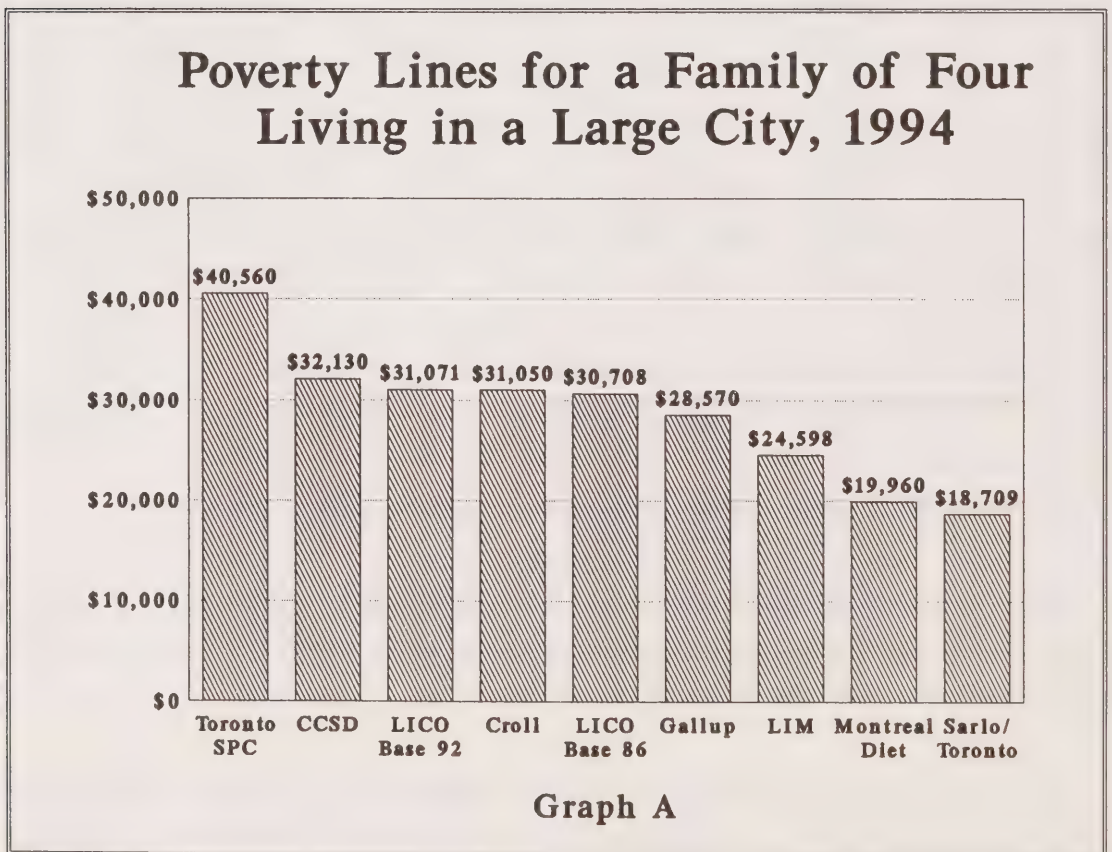
For the time being, the National Council of Welfare plans to continue using the 1986 base cut-offs. Other recent reports published by the Council use the 1986 base cut-offs, and a switch in base years could be confusing to readers.

The National Council of Welfare, like many other social policy groups, regards the low income cut-offs as poverty lines and uses the term poor and low-income interchangeably.

Statistics Canada takes pains to avoid references to poverty. It says the cut-offs have no official status, and it does not promote their use as poverty lines.

Regardless of the terminology, the cut-offs are a useful tool for defining and analyzing the significantly large portion of the Canadian population with low incomes. They are not the only measures of poverty used in Canada, but they are the most widely accepted and are roughly comparable to most alternative measures.

Graph A shows the 1986 base and 1992 base low income cut-offs or LICOs of Statistics Canada along with seven other poverty lines sometimes seen in published reports.³ Most of the lines fall in a middle range from \$28,570 to \$32,130 for a family of four living in a large city in 1994. One line is substantially higher than the rest, and three are substantially lower.



Toronto SPC, the description of the first bar of Graph A, refers to the budget guides of the Metropolitan Toronto Social Planning Council updated to the year 1994. CCSD refers to the Canadian Council on Social Development's income guidelines, which are based on one-half of average family income and do not vary from one area of the country to another. The calculation for the bar labelled Croll uses the methodology first proposed in 1971 by a special Senate committee on poverty headed by Senator David Croll. The Gallup bar is an update of responses to a public opinion poll that asked: "What is the minimum weekly amount of income required for a family of four, consisting of two adults and two children?" LIM means the low income measures of Statistics Canada, an alternative measure based on one-half of median family income with no geographic variations. Montreal Diet refers to the income needed for a minimum adequate standard of living as calculated by the Montreal Diet Dispensary. The group also has basic needs guidelines strictly intended for short-term assistance that are somewhat lower. Sarlo/Toronto is the poverty line for Toronto calculated for 1992 by Christopher A. Sarlo and updated to 1994 by the National Council of Welfare. Professor Sarlo also has "social comfort lines" that are twice as high as his poverty lines.

Poverty statistics are often broken down according to families and unattached individuals. The survey which gathered the data defined a family as a group of individuals sharing a common dwelling unit and related by blood, marriage or adoption. The definition includes couples living in common-law relationships. Most of the data in this report is expressed in terms of families rather than the number of people in family units. Unattached individuals are defined as people living alone or in households where they are not related to other household members.

A poor or low-income family has an income below the poverty line, while a "non-poor" family has an income above the poverty line. The same applies for unattached individuals.

Poverty rates compare the number of poor persons, families or unattached individuals in a particular category to all the persons, families or unattached individuals in the same category. For example, there were an estimated 317,000 poor families with children under 18 headed by a female single parent under age 65 in 1994. The estimated total number of families with children under 18 headed by a female single parent under 65 was 554,000. The poverty rate was 317,000 divided by 554,000 or 57.3 percent.

Sometimes, the terms incidence of poverty or risk of poverty are used instead of the poverty rate. The meaning of all three terms is the same.

Income refers to money income reported by all family members 15 years or older and includes gross wages and salaries, net income from self-employment, investment income, government transfer payments (for example, the federal Child Tax Benefit, Old Age Security, and provincial tax credits), pensions, and miscellaneous income (scholarships and child support payments, for example). The definition of income excludes gambling wins or losses, capital gains or losses, receipts from the sale of property or personal belongings, income tax refunds, loans received or repaid, lump sum settlements of insurance policies, and income in kind.

Some sections of this report refer to earnings rather than income. Earnings means gross wages and salaries and net income from self-employment.

Statistics Canada revised its low income data for the period 1980 through 1993 in the 1994 version of Income Distributions by Size in Canada. The revisions included shifting population estimates to the 1991 census base, adjusting the estimates to correct undercoverage, and including non-permanent residents physically present in Canada in surveys by the Bureau.

The National Council of Welfare decided to continue using the data for earlier years as originally published. The revisions have very little effect on rates of poverty, but they tend to add slightly to the number of people living in poverty.

RECENT POVERTY TRENDS

Canada finally turned the corner in 1994, as many poverty rates began falling for the first time since the recession of 1990-1991. Most of the drops were modest, however, and the poverty rates for 1994 were generally well above the pre-recession rates for 1989.

Between 1993 and 1994, there were slight declines in the poverty rates for all persons, children and seniors. Poverty among seniors continued its long-term downward trend after an unexplained increase in 1993, and most of the 1994 figures were record lows.

Poverty rates for families fell in 1994, but the rates for unattached individuals were mixed. The most notable increase was the jump in the rate for unattached women under 65 from 37.9 percent in 1993 to a 15-year high of 42.6 percent in 1994.

This chapter shows major national trends in poverty from 1980 through 1994 using two types of measures. One looks at Canadians as individual people, the other as members of families or as unattached people living outside families.

Poverty Trends for Individual Canadians

One type of poverty statistics published by Statistics Canada gives the number of poor people and the poverty rates for people as individuals, as in Table 2 on the next page. In 1980, the number of people living in poverty was just over 3.6 million and the poverty rate was 15.3 percent. Both the number of poor people and the poverty rate rose following the recession of 1981-1982, declined slowly through 1989, and started rising again in 1990 through 1993. In 1994, the number of poor people in Canada was nearly 4.8 million and the poverty rate was 16.6 percent.

TABLE 2
POVERTY TRENDS, ALL PERSONS

	Number of Persons Living in Poverty	Poverty Rate
1980	3,624,000	15.3%
1981	3,643,000	15.3%
1982	3,951,000	16.4%
1983	4,406,000	18.2%
1984	4,397,000	18.1%
1985	4,170,000	17.0%
1986	3,976,000	16.0%
1987	3,912,000	15.6%
1988	3,744,000	14.8%
1989	3,487,000	13.6%
1990	3,821,000	14.6%
1991	4,227,000	16.0%
1992	4,320,000	16.1%
1993	4,775,000	17.4%
1994	4,795,000	16.6%

Many of the other poverty statistics followed the same general pattern as the figures for all persons. Child poverty, for example, increased in the early 1980s, as shown in Table 3. In 1984, well over 1.2 million children under the age of 18 were living in poverty and the poverty rate was 19.6 percent. The number of poor children and the poverty rate declined through 1989, then started to rebound through 1993. In 1994, the number of poor children was more than 1.3 million and the poverty rate was 19.1 percent.

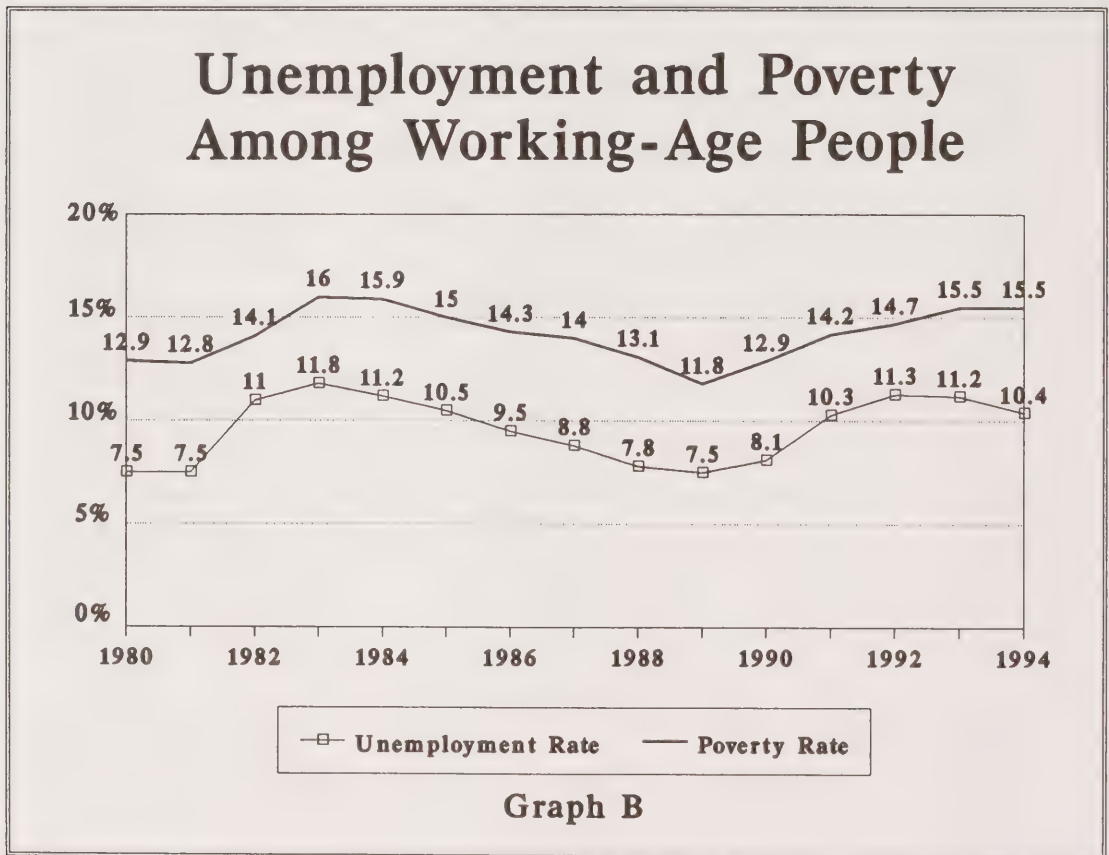
TABLE 3
POVERTY TRENDS, CHILDREN UNDER 18

	Number of Children Under 18 Living in Poverty	Poverty Rate
1980	984,000	14.9%
1981	998,000	15.2%
1982	1,155,000	17.8%
1983	1,221,000	19.0%
1984	1,253,000	19.6%
1985	1,165,000	18.3%
1986	1,086,000	17.0%
1987	1,057,000	16.6%
1988	987,000	15.4%
1989	934,000	14.5%
1990	1,105,000	16.9%
1991	1,210,000	18.3%
1992	1,218,000	18.2%
1993	1,415,000	20.8%
1994	1,334,000	19.1%

Additional information on child poverty by family type and provincial child poverty statistics appear later in this report.

Children are poor because their parents are poor, and one of the main reasons for poverty among parents is a lack of good jobs. It should come as no surprise that the poverty rates for adults under age 65 tend to move up and down in line with changes in the unemployment rate.

Graph B plots the average annual unemployment rate for people 15 and older against the poverty rate for people ages 18 to 65, the group most likely to be in the labour force. As the percentage of unemployed people in the work force rose and fell, so did the percentage of adults under 65 living in poverty. In 1980, the unemployment rate was 7.5 percent and the poverty rate for people 18 to 65 was 12.9 percent. In 1994, the unemployment rate was 10.4 percent and the poverty rate was 15.5 percent.



One group that is largely immune from high unemployment rates is seniors, because most of them are not in the labour force. The poverty rates for people 65 and older are more a reflection of the health of public and private pension programs than the health of the economy.

Pensions have improved tremendously during the last generation, and this is reflected in poverty rates and numbers for the elderly that have fallen more or less steadily since the first poverty statistics were published in Canada in 1969.

Table 4 shows this long-term decline in poverty. There were occasional increases in poverty from one year to the next, but the overall trend was sharply downward. The number of poor seniors dropped from 731,000 in 1980 to 567,000 in 1994, and the poverty rate plummeted from 33.6 percent in 1980 to a record low of 17.2 percent in 1994.

TABLE 4
POVERTY TRENDS, PEOPLE 65 AND OLDER

	Number of Seniors Living in Poverty	Poverty Rate
1980	731,000	33.6%
1981	733,000	33.0%
1982	648,000	28.5%
1983	719,000	30.9%
1984	669,000	27.9%
1985	669,000	27.0%
1986	637,000	24.9%
1987	627,000	23.8%
1988	634,000	23.4%
1989	599,000	21.4%
1990	554,000	19.3%
1991	590,000	20.0%
1992	564,000	18.6%
1993	636,000	20.5%
1994	567,000	17.2%

Poverty Trends for Families and Unattached Individuals

While the poverty statistics for persons give a good overview of poverty, it is often more revealing to look at poor people in terms of families or unattached individuals, as in Table 5. Throughout most of the period 1980 to 1994, the poverty rates for unattached people were roughly three times higher than the rates for families. In 1994, for example, the poverty rate for families was 13.7 percent, and the rate for unattached individuals was 37 percent.

TABLE 5

POVERTY TRENDS, FAMILIES AND UNATTACHED INDIVIDUALS

	Families		Unattached Individuals	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate
1980	830,000	13.2%	1,013,000	41.4%
1981	832,000	13.0%	1,010,000	40.3%
1982	905,000	14.0%	1,034,000	40.2%
1983	1,007,000	15.3%	1,183,000	44.9%
1984	1,032,000	15.6%	1,118,000	41.3%
1985	963,000	14.3%	1,136,000	40.8%
1986	924,000	13.6%	1,112,000	38.3%
1987	895,000	13.1%	1,137,000	37.5%
1988	851,000	12.2%	1,172,000	37.7%
1989	786,000	11.1%	1,100,000	34.4%
1990	874,000	12.1%	1,123,000	34.1%
1991	949,000	13.1%	1,258,000	36.5%
1992	991,000	13.3%	1,247,000	36.2%
1993	1,116,000	14.8%	1,306,000	37.1%
1994	1,108,000	13.7%	1,421,000	37.0%

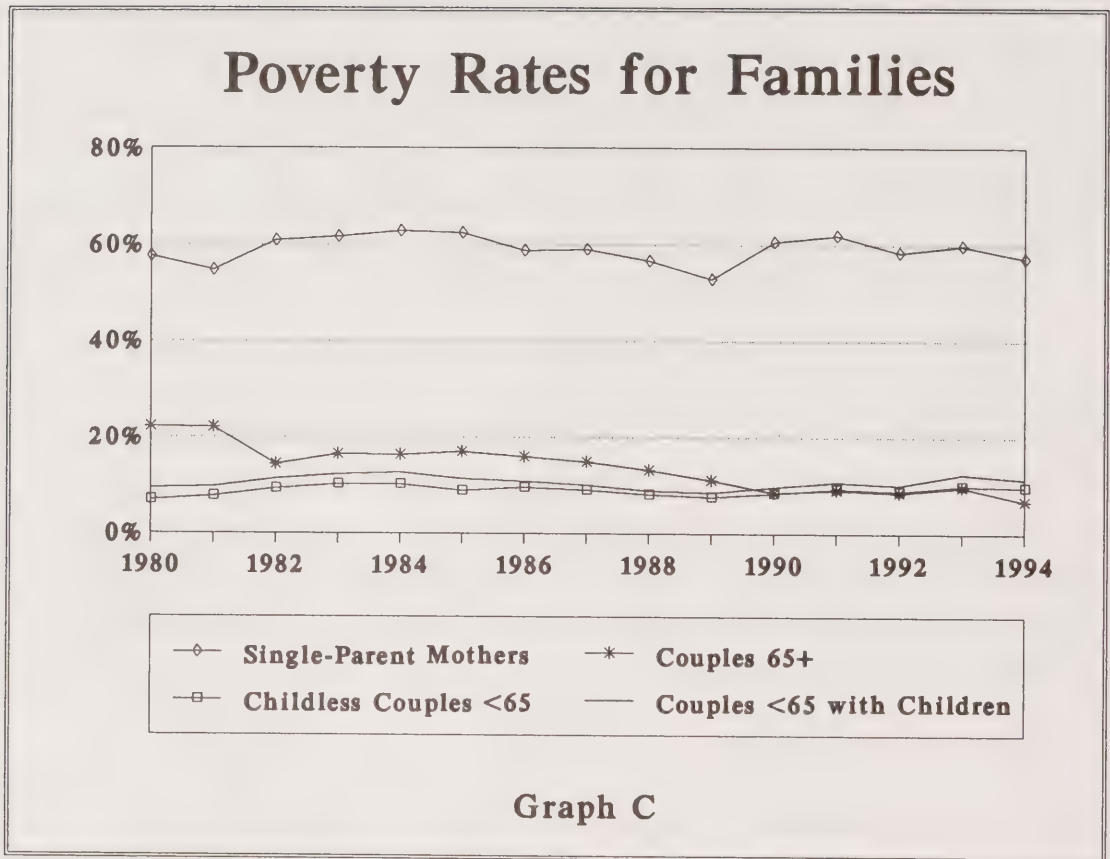
One reason that families have poverty rates that are consistently much lower than unattached individuals is they often have a second family member in the labour force. The percentage of younger married couples with both spouses in the work force has grown dramatically during the last generation, and two-earner couples now far outnumber one-earner couples. Many older families are couples where both spouses had careers outside the home and where both get pension benefits aside from the federal government's Old Age Security pension.

An even better view of poverty comes by breaking down families and unattached individuals into their major subcategories - which we call family types for want of a better term. The four subcategories of families are: married couples where the head of the family is 65 or older; married couples under 65 with children under 18; married couples under 65 without children under 18; and single-parent mothers under 65 with children under 18. Altogether, these four subcategories accounted for 82 percent of all poor families in 1994. The other 18 percent was made up of less common family types, such as married couples living with children who were all 18 or older, single-parent fathers and their children, and brothers and sisters who lived together.

The four subcategories of unattached individuals are: unattached men under 65, unattached men 65 and older, unattached women under 65, and unattached women 65 and older. These four subcategories account for 100 percent of unattached individuals.

The importance of a second wage-earner or second source of pension income becomes obvious from the poverty statistics for the four subcategories of families in Graph C on the next page. The poverty rates for married couples were all low, regardless of the age of the spouses or the presence of children at home. The poverty rates for families led by single-parent mothers were incredibly high.

The actual poverty rates for each year from 1980 to 1994 for the four types of families are given in Table 6.



The rates for single-parent mothers were high without exception throughout the period. The highest rate was 62.8 percent in 1984, and the lowest was 52.9 percent in 1989. By way of comparison, single-parent fathers under 65 with children under 18 had a poverty rate of 33.1 percent in 1994, the second highest rate for single-parent fathers during the entire period. The lowest was 18 percent in 1987.

Married couples with the head of the family 65 or older saw their poverty rates fall dramatically from 22.2 percent in 1980 to a record low 6.8 percent in 1994.

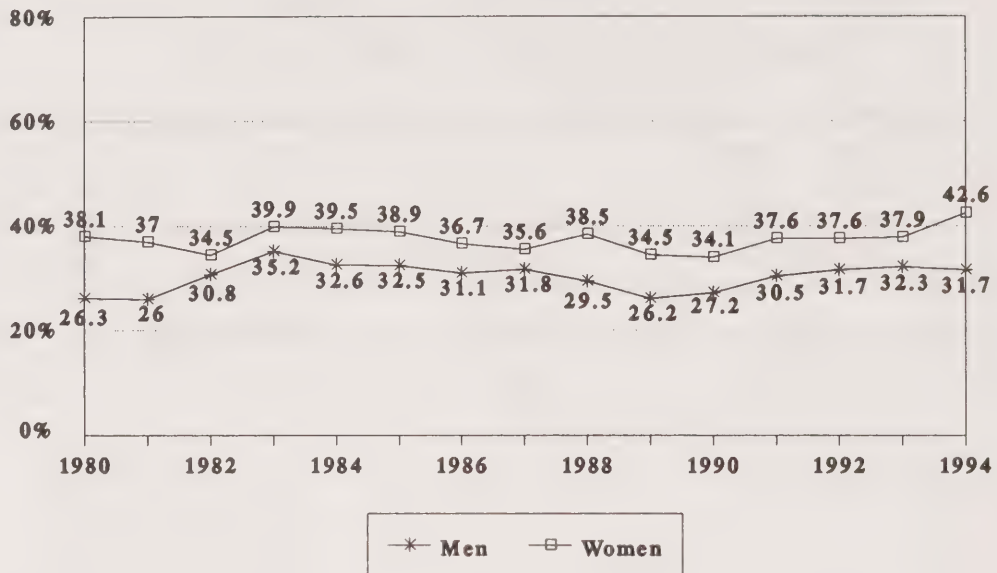
Couples where the head of the family was under age 65 experienced ups and downs in poverty rates that corresponded with the ups and downs in the economy. The rates were relatively low for couples with children under 18 and couples without children, although the rates for childless couples were consistently lower.

TABLE 6
POVERTY RATES FOR FAMILIES, 1980-1994

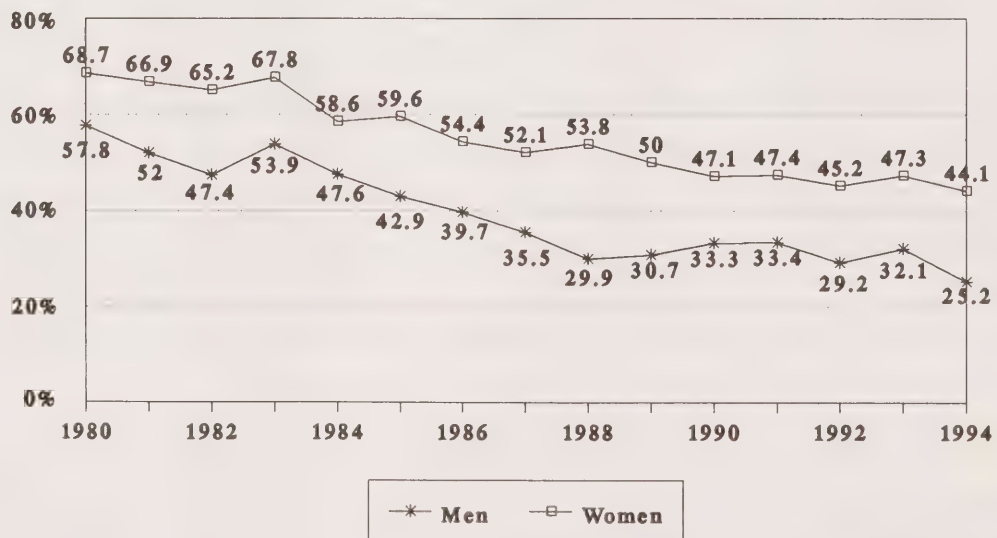
	Single-Parent Mothers under 65 with Children under 18	Couples 65 and Older	Couples under 65 without Children	Couples under 65 with Children under 18
1980	57.7%	22.2%	6.9%	9.4%
1981	54.8%	22.1%	7.7%	9.7%
1982	60.9%	14.4%	9.2%	11.3%
1983	61.7%	16.4%	10.2%	12.3%
1984	62.8%	16.3%	10.2%	12.6%
1985	62.5%	16.9%	8.9%	11.3%
1986	58.8%	15.9%	9.5%	10.8%
1987	59.0%	14.9%	9.0%	10.1%
1988	56.7%	13.2%	8.1%	8.9%
1989	52.9%	11.1%	7.6%	8.5%
1990	60.6%	8.5%	8.3%	9.6%
1991	61.9%	9.0%	9.3%	10.7%
1992	58.4%	8.5%	8.8%	10.1%
1993	59.8%	9.7%	9.9%	12.4%
1994	57.3%	6.8%	9.7%	11.3%

For unattached people, the poverty rates over the years have varied greatly among the four subcategories based on sex and age. All four subcategories have rates that are significantly higher than the rates for married couples, although none of the recent figures was anywhere near the rates for families led by single-parent mothers.

Poverty Rates for Unattached People Under 65



Poverty Rates for Unattached People 65 and Older



Graph D

Trends in poverty among unattached men and women under 65 and men and women 65 and older are shown in Graph D on the previous page. The poverty rates for unattached people under 65 tended to rise and fall with unemployment rates, while the rates for older unattached people fell more or less steadily. In both age groups, the poverty rates were noticeably higher for women than men.

The poverty rate for unattached women under 65 was 38.1 percent in 1980 and 37.9 percent in 1993 before rising to a 15-year high of 42.6 percent in 1994. The comparable rates for men were 26.3 percent in 1980, 32.3 percent in 1993 and 31.7 percent in 1994. The gap between the sexes was largest in 1980 at 11.8 percentage points and smallest in 1982 at 3.7 percentage points.

For unattached people 65 and older, the poverty rate for women went from 68.7 percent in 1980 to a record low 44.1 percent in 1994. The rate for men dropped from 57.8 percent in 1980 to a record low 25.2 percent in 1994. The gap between men and women was smallest at 10.9 percentage points in 1980 and largest at 23.9 points in 1988.

VIEW FROM THE PROVINCES

Unemployment rates, the adequacy of pension programs, and family type are major determinants of poverty in all parts of Canada, but there are important differences from province to province. Table 7 gives the 1994 provincial statistics for families, unattached individuals and all persons. For families, poverty rates ranged from a low of 7.9 percent in Prince Edward Island to a high of 18.4 percent in Newfoundland. The range for unattached individuals was even greater, from 28.2 percent in P.E.I. to 45.5 percent in Quebec. Poverty rates for all persons went from 10.5 percent in P.E.I. to 20.2 percent in Quebec.

TABLE 7
POVERTY BY PROVINCE, 1994

	Families		Unattached Individuals		All Persons	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate	Number of Poor Persons	Poverty Rate
Newfoundland	30,000	18.4%	13,000	38.2%	110,000	19.1%
Prince Edward Island	3,000	7.9%	5,000	28.2%	14,000	10.5%
Nova Scotia	39,000	14.5%	41,000	38.3%	157,000	17.0%
New Brunswick	29,000	13.5%	31,000	35.8%	115,000	15.5%
Quebec	344,000	16.8%	463,000	45.5%	1,453,000	20.2%
Ontario	362,000	11.8%	420,000	31.6%	1,541,000	14.1%
Manitoba	41,000	13.6%	63,000	43.5%	198,000	18.4%
Saskatchewan	37,000	13.5%	42,000	32.9%	165,000	17.0%
Alberta	95,000	13.1%	125,000	33.6%	425,000	15.9%
British Columbia	126,000	12.6%	216,000	36.4%	617,000	16.9%
Canada	1,108,000	13.7%	1,421,000	37.0%	4,795,000	16.6%

Between 1993 and 1994, family poverty rates were down in Quebec, Ontario and the four western provinces, up in Newfoundland, Prince Edward Island and New Brunswick, and did not change in Nova Scotia.

Poverty rates for unattached individuals were down in Newfoundland, P.E.I., New Brunswick, Ontario and Alberta, and up in Nova Scotia, Quebec, Manitoba, Saskatchewan and British Columbia.

For all persons, poverty rates fell in Quebec, Ontario, Alberta and British Columbia, remained unchanged in Saskatchewan, and rose in the four Atlantic provinces and Manitoba.

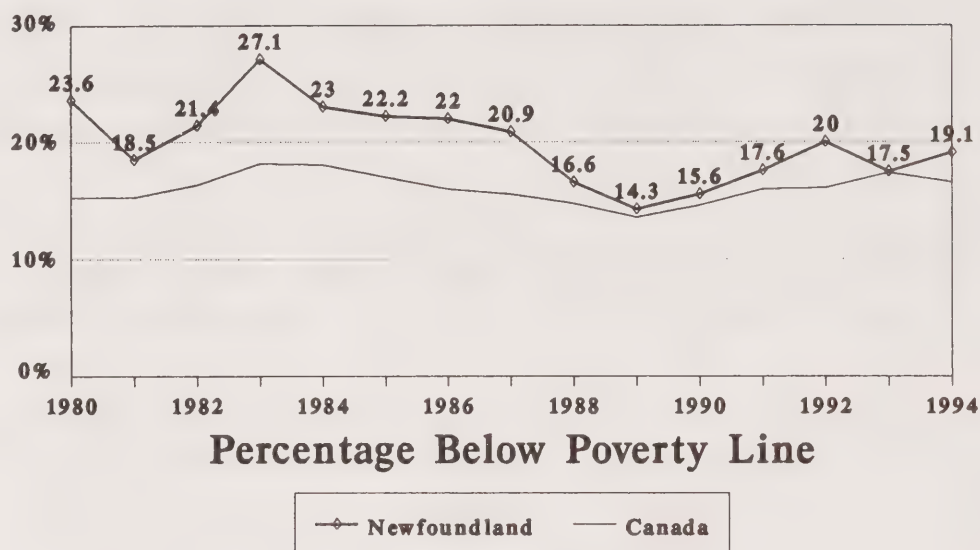
The ten pages that follow contain graphs with detailed information on poverty trends in the provinces. The top half of each page plots provincial poverty rates for all persons from 1980 to 1994. The line with diamond markers and accompanied by percentages shows the provincial rates. For purposes of comparison, each graph includes a second line showing the poverty rates for Canada as a whole. The percentages were omitted from this line to avoid confusion in cases where the two lines are close together.

The bottom half of each page gives the poverty rates for families and unattached individuals from 1980 through 1994. The lines without markers and without percentages show the national trends.

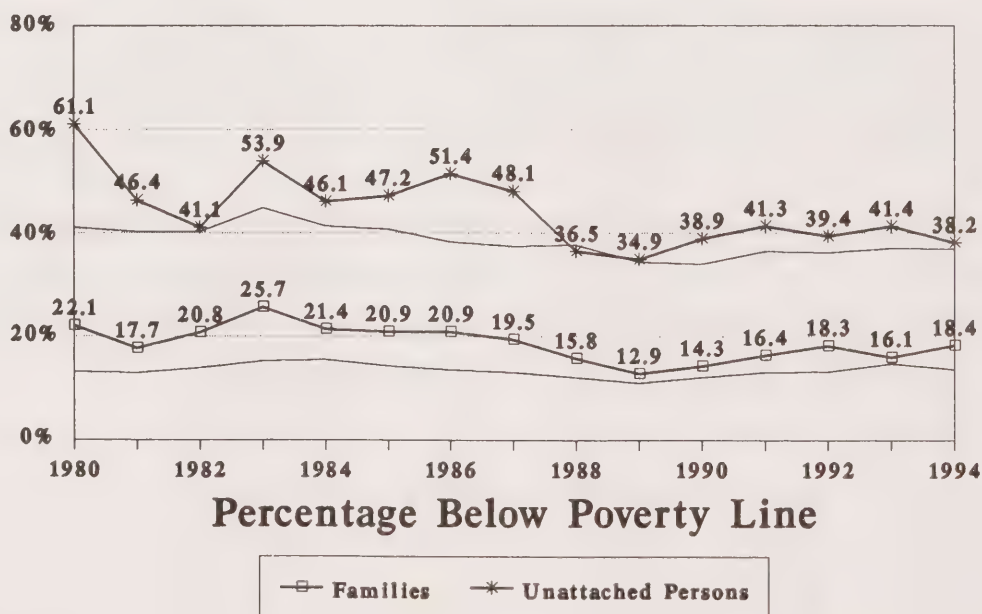
The two largest provinces have the most consistent trends for families, unattached individuals and all persons. Ontario's poverty rates were among the lowest in Canada and were well below the national average throughout the period. Quebec's rates were among the highest and well above average. There was much less consistency elsewhere.

Newfoundland

Trends for All Persons



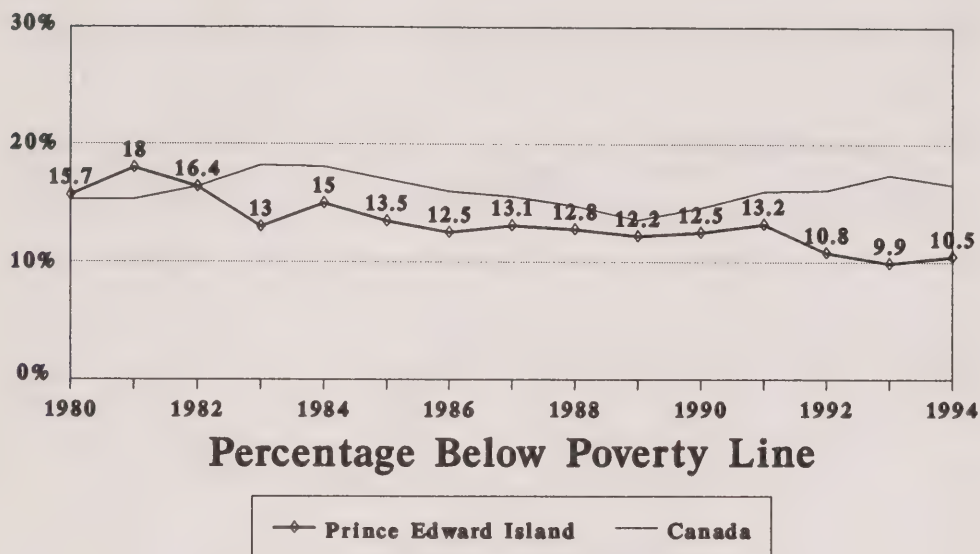
Families and Unattached Individuals



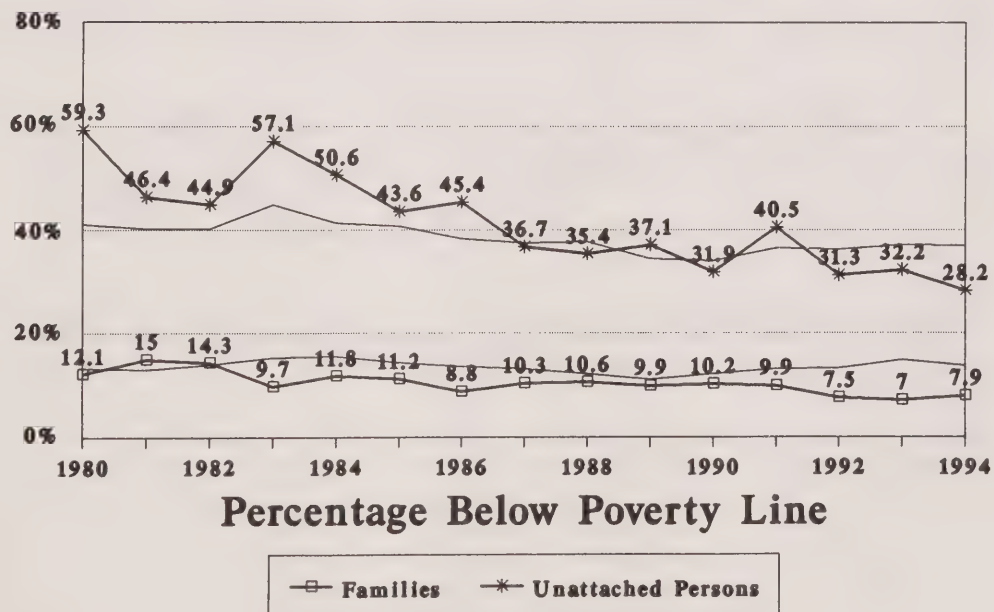
Graph E

Prince Edward Island

Trends for All Persons



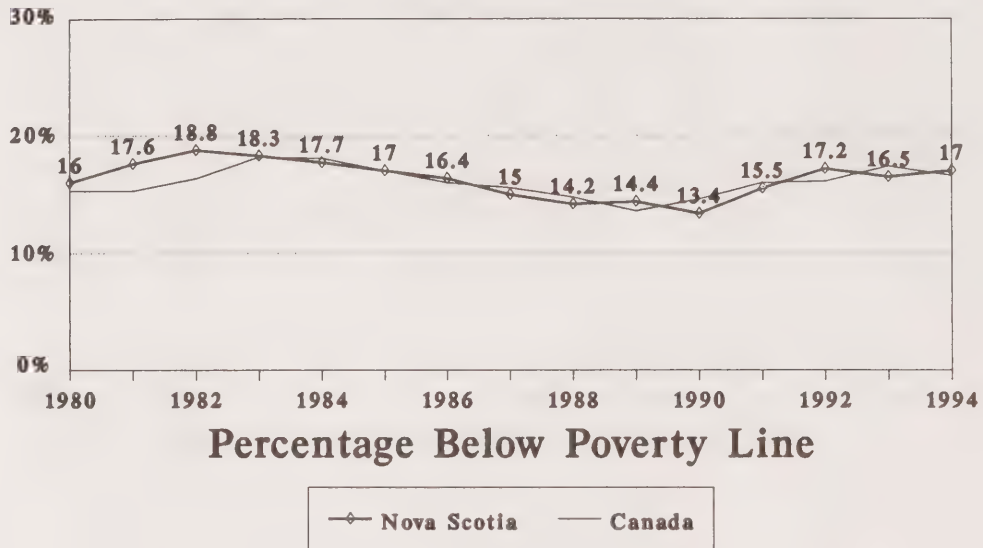
Families and Unattached Individuals



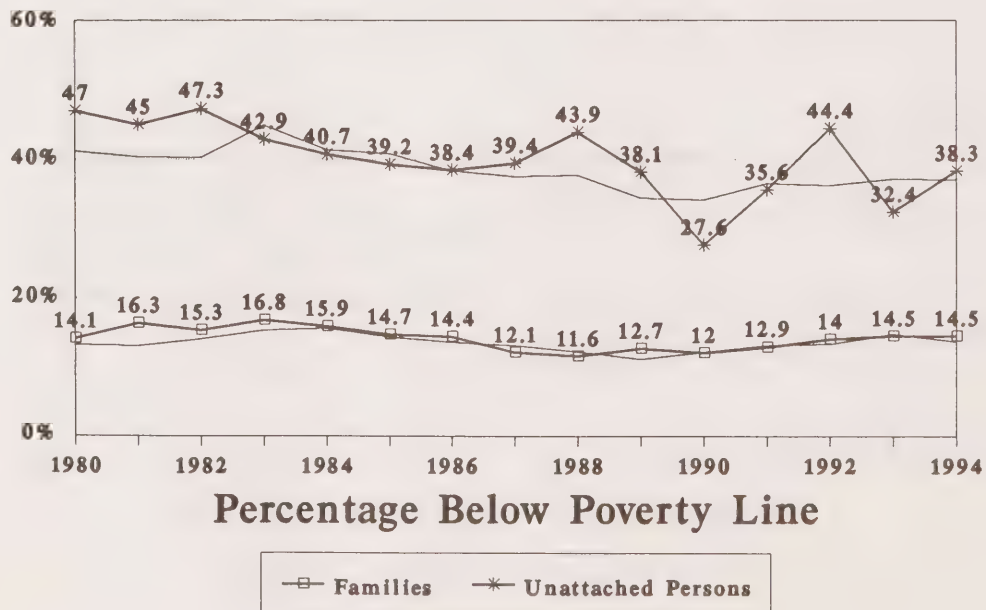
Graph F

Nova Scotia

Trends for All Persons



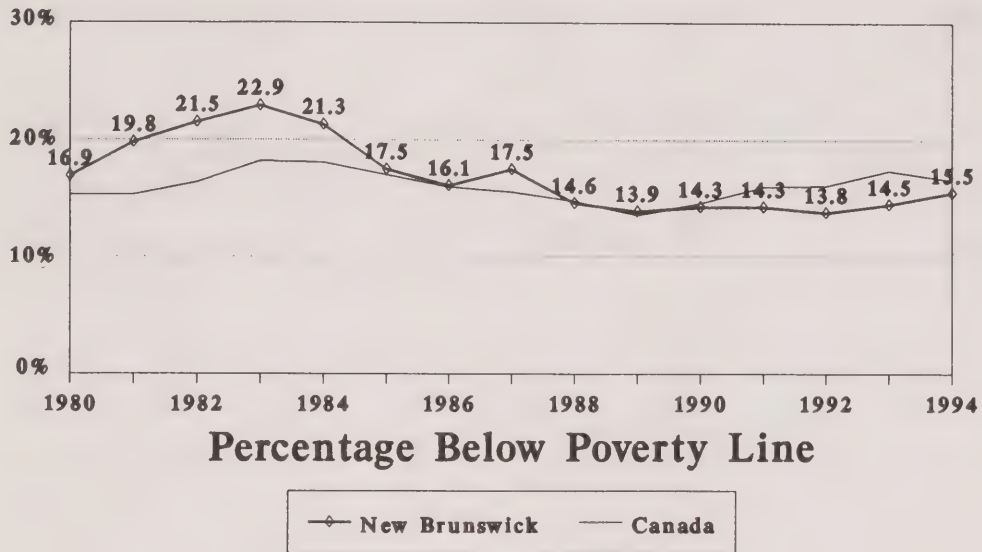
Families and Unattached Individuals



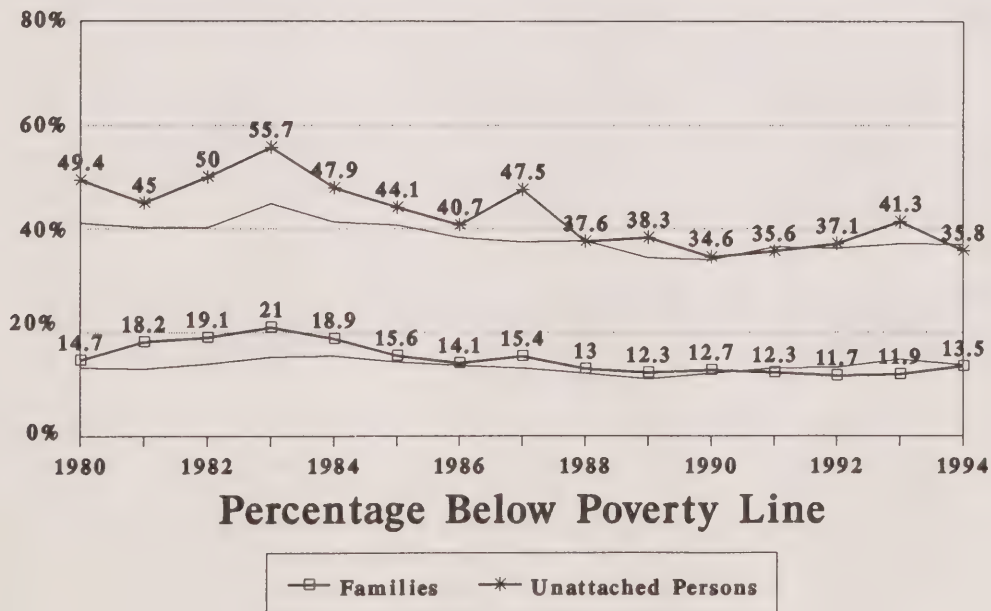
Graph G

New Brunswick

Trends for All Persons



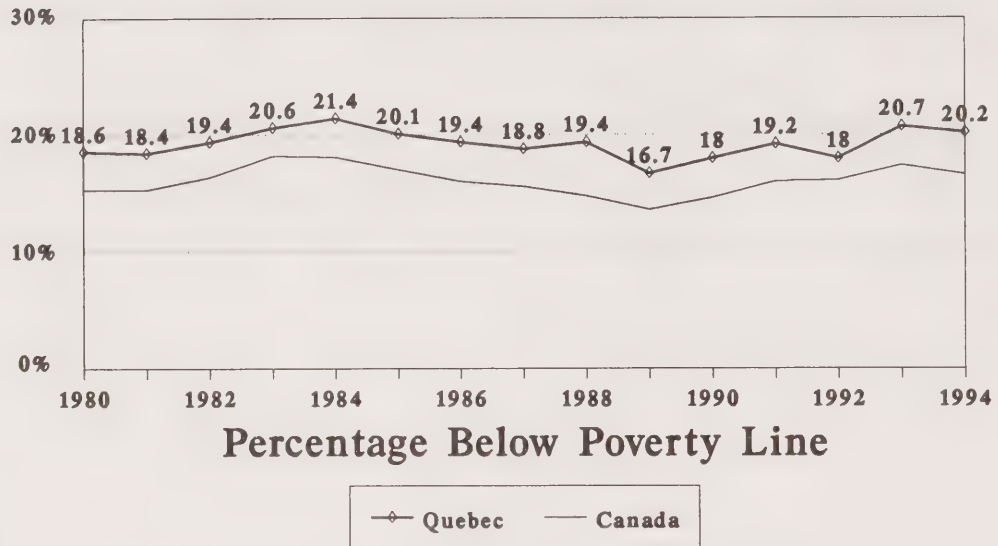
Families and Unattached Individuals



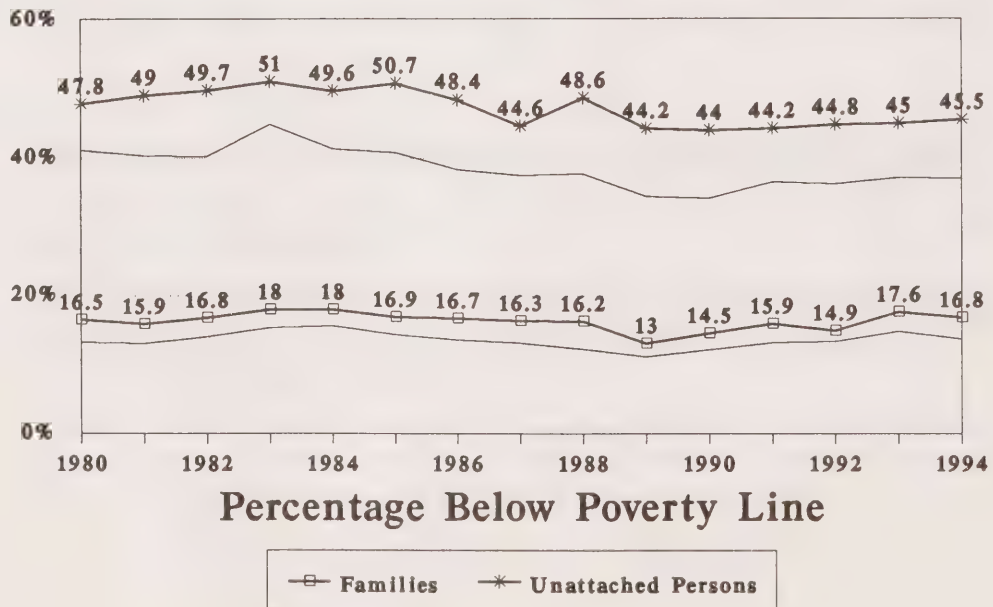
Graph H

Quebec

Trends for All Persons



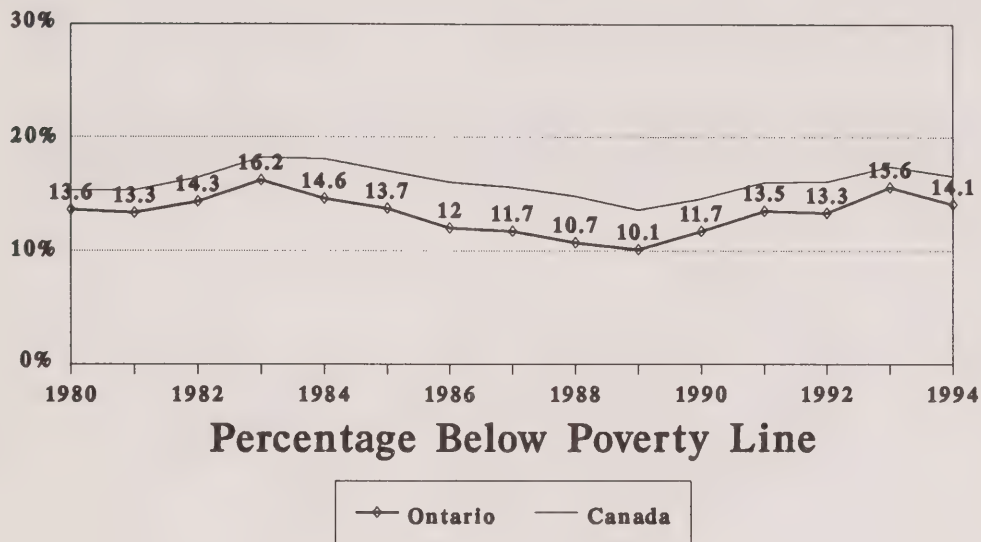
Families and Unattached Individuals



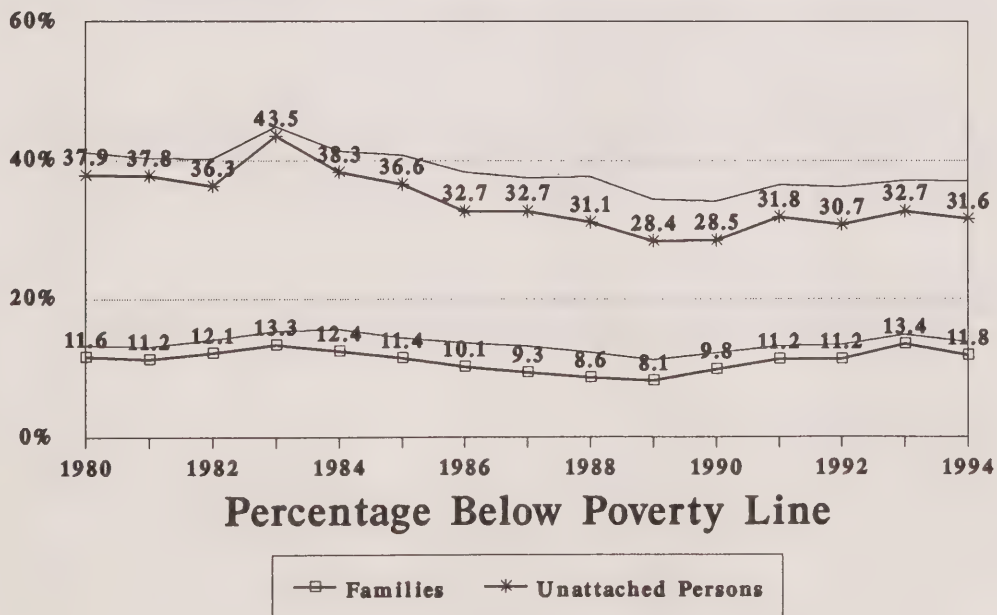
Graph I

Ontario

Trends for All Persons



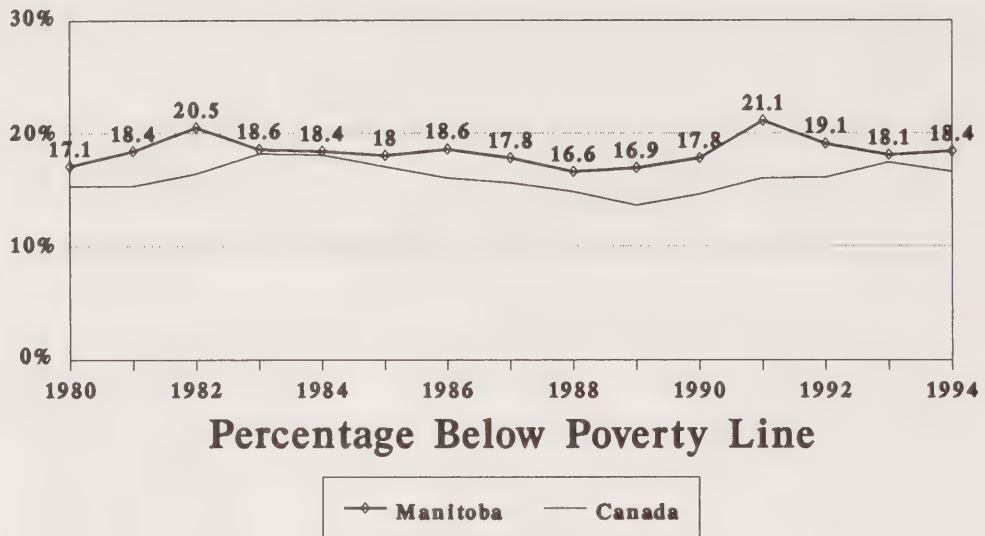
Families and Unattached Individuals



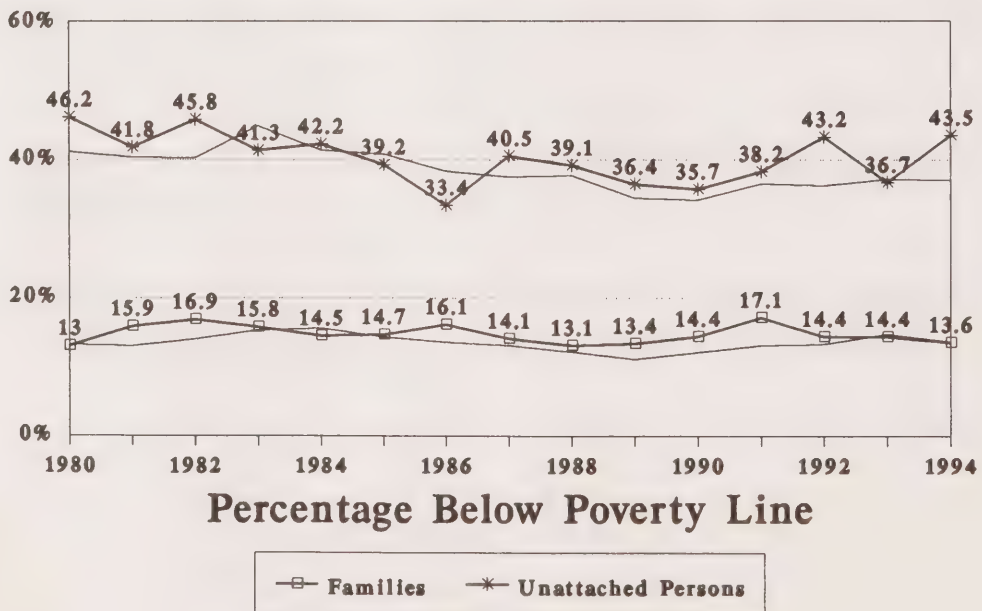
Graph J

Manitoba

Trends for All Persons



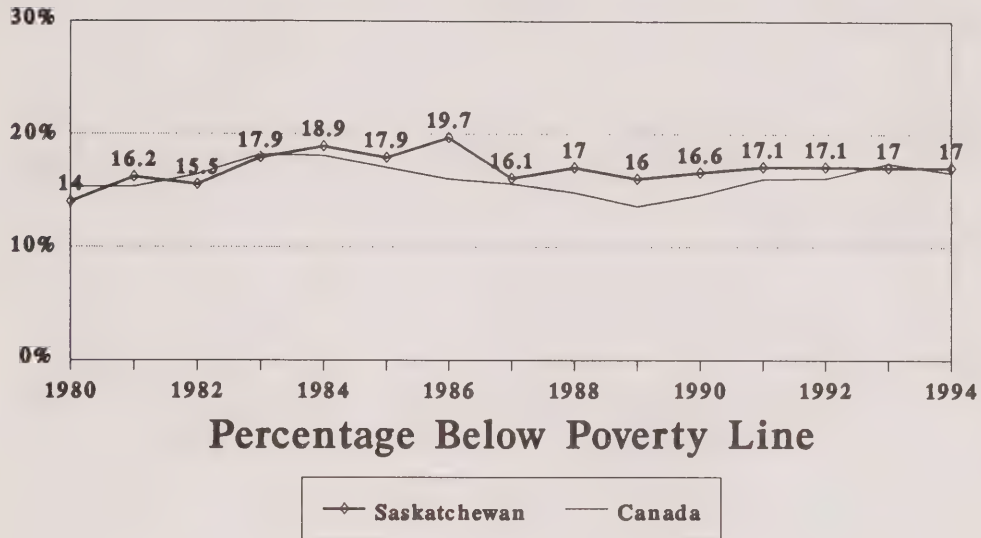
Families and Unattached Individuals



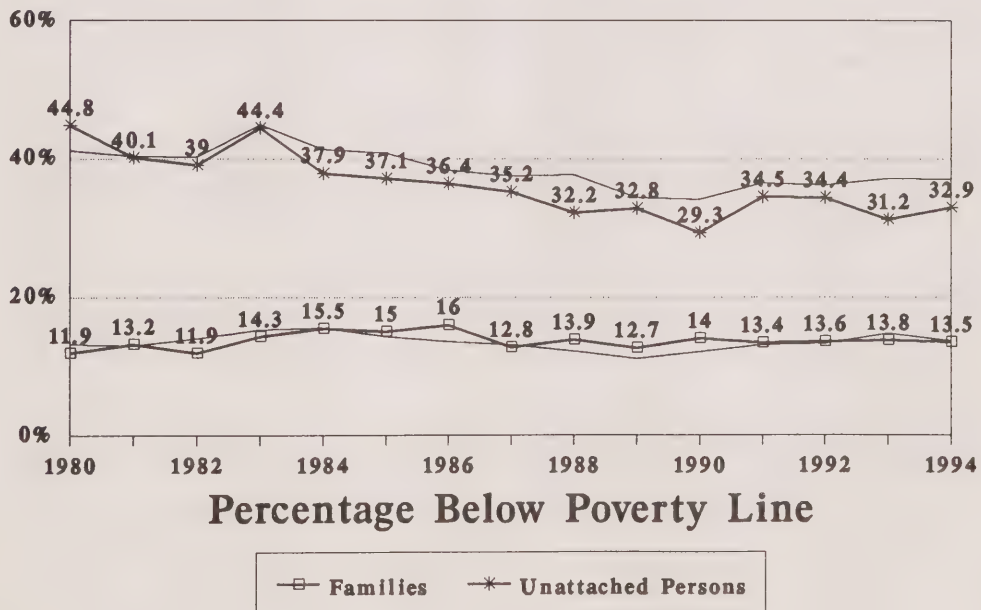
Graph K

Saskatchewan

Trends for All Persons



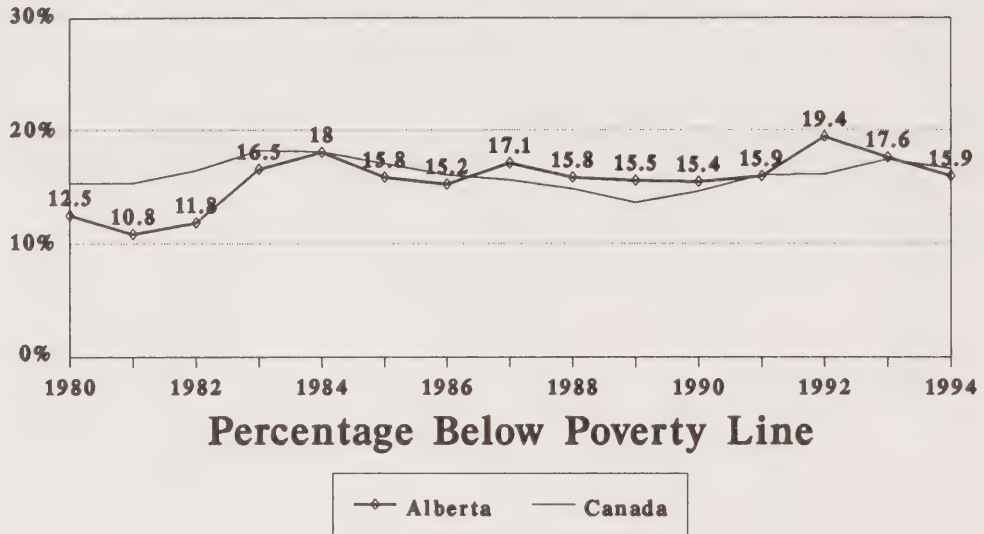
Families and Unattached Individuals



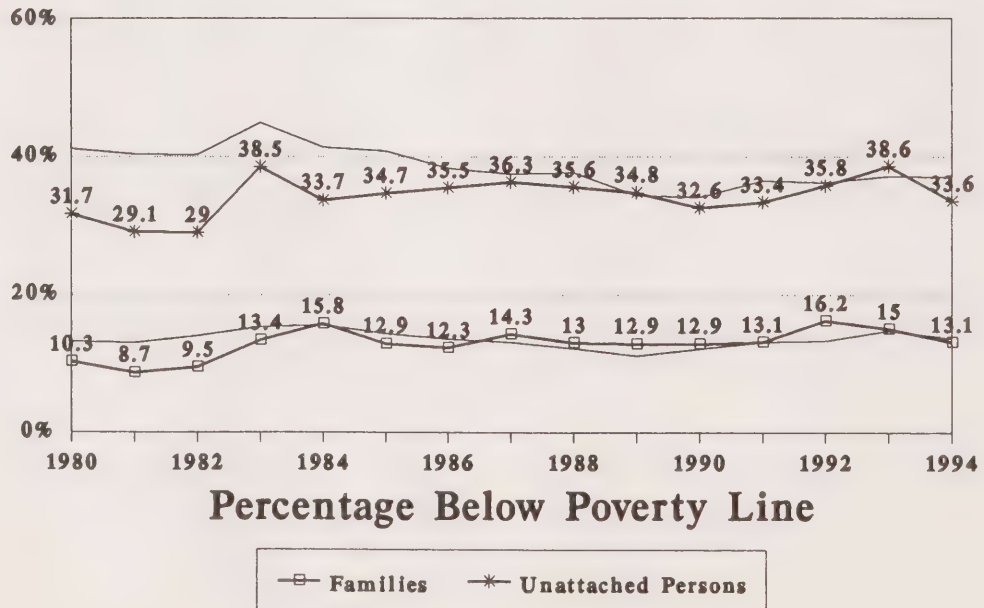
Graph L

Alberta

Trends for All Persons



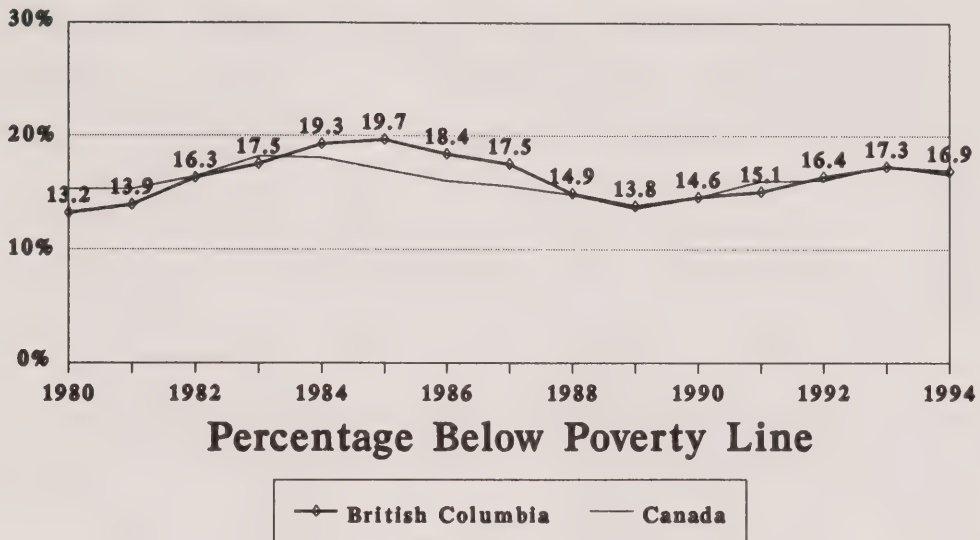
Families and Unattached Individuals



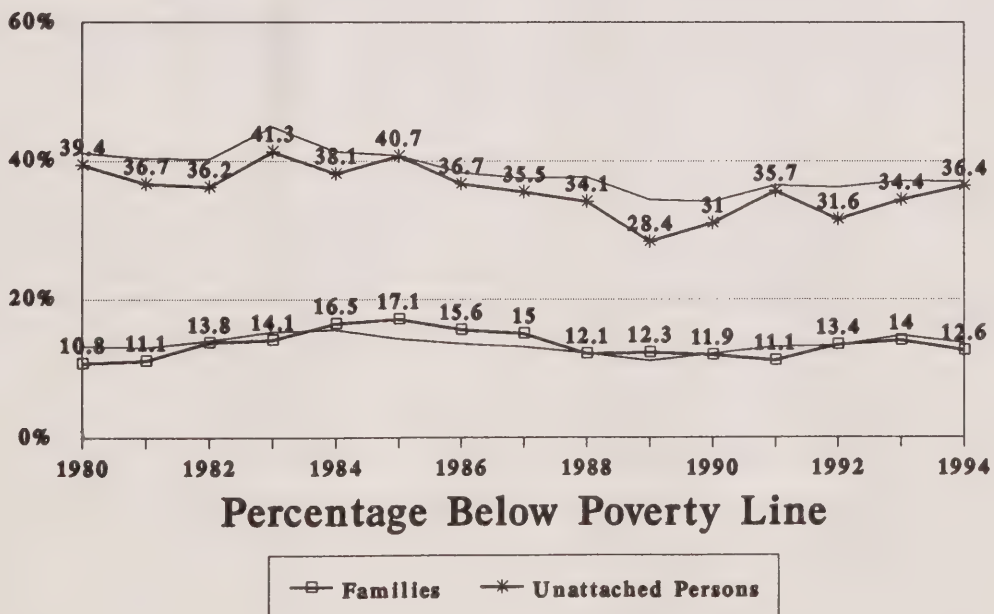
Graph M

British Columbia

Trends for All Persons



Families and Unattached Individuals



Graph N

SNAPSHOTS OF POVERTY IN 1994

Poverty rates vary with family type, sex, age, employment, education, housing and population of area of residence. Among families with children, they vary with the number and age of the children. Among immigrants, there are important differences based on the length of time in Canada.

Family Type

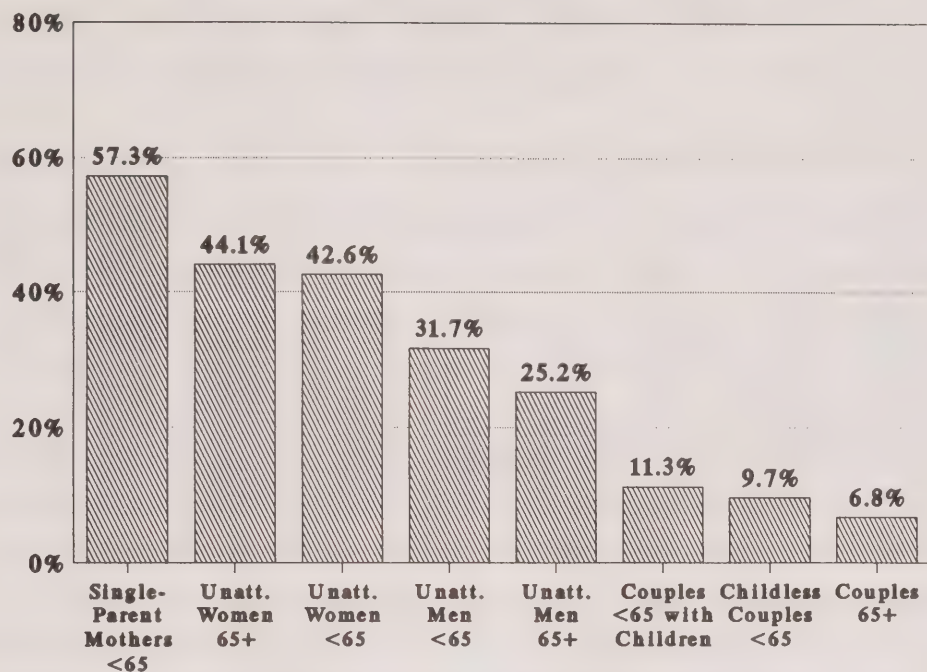
Probably the most important overall determinant of the risk of poverty is family type. As we described earlier, family type refers to eight subcategories of families and unattached individuals that take account of age and sex as well as family circumstances.

The top half of Graph O arranges the eight family types by poverty rates, with the highest at the left and the lowest at the right. The group with the highest poverty rate was single-parent mothers under 65 with children under 18. The next four bars represent unattached individuals. The poverty rates for unattached women were higher than the rates for unattached men. The three types of husband-wife families had relatively low poverty rates.

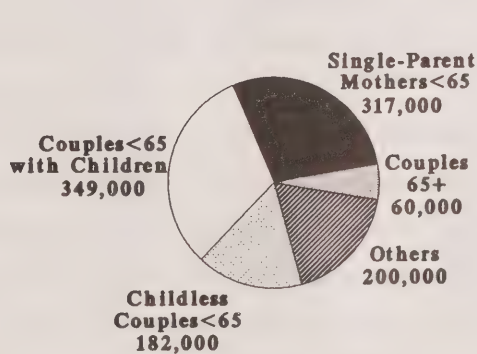
The pie graphs on the bottom half of the page show the number of poor families or unattached individuals by family type as a proportion of all poor families or unattached individuals. Among poor families, the two largest groups were couples under 65 with children under 18 and poor families led by single-parent mothers under 65 with children under 18.

Among poor unattached individuals, the most revealing comparison was between elderly men and women. Poor unattached women 65 and older outnumbered poor unattached men 65 and older by a margin of five to one. The numbers of poor unattached men and women under 65 were much closer.

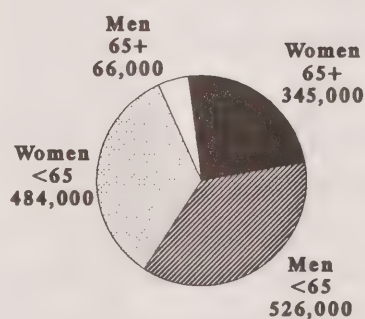
Poverty Rates by Family Type, 1994



Distribution of Poor Families And Unattached Individuals, 1994



Poor Families



Poor Unattached Individuals

Additional Differences by Age, Sex and Family Type

There are other important differences in poverty rates by age and sex and by age and family type, as shown in Graph P.

The top half of the graph gives the poverty rates for men and women by age, irrespective of their family status. In all cases, the rates for women were higher than the rates for men, and the differences between the sexes were most pronounced in the youngest and oldest groups. Additional information about poverty among men and women is presented later in this report.

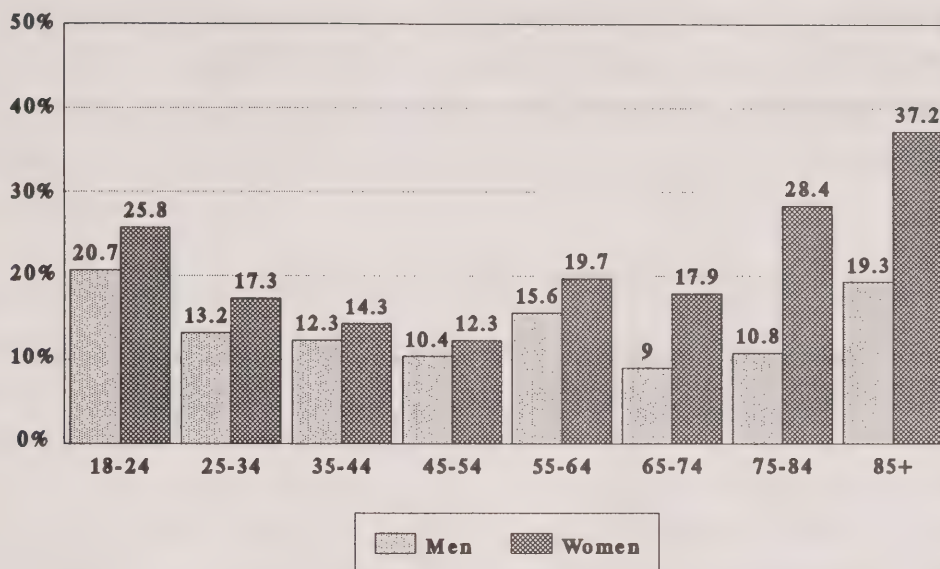
The poverty rates for both sexes were relatively high for the age groups 18 through 24 and 25 through 34. That is partly a reflection of high unemployment rates among young people and partly because entry-level wages are lower than wages for experienced workers. Poverty rates for both men and women fell in the age groups that follow until the age group 55 through 64. Higher rates in this group tend to reflect the difficulties older workers have when they lose their jobs. The higher rate for women 55 through 64 may also be due to an increasing number of widows.

The rates for older men and women show a widening gap between the sexes. One reason for higher poverty rates among elderly women is the fact that women live longer than men on average. The older groups contain a large number of women who are unattached, many of them widows, and unattached persons invariably have higher poverty rates than married people.

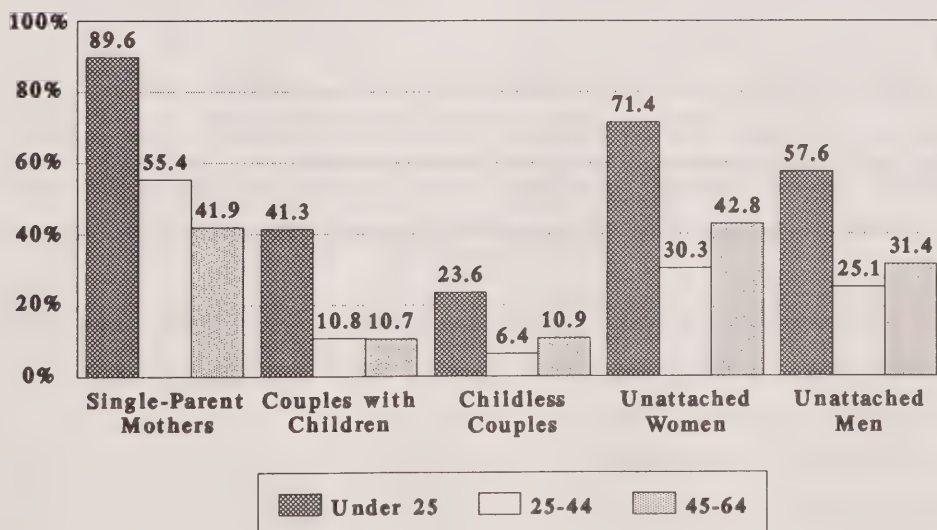
The bottom half of the graph shows how poverty rates vary by age group and family type, using the five family types under age 65. The poverty rate for the relatively small number of families led by single-parent mothers under age 25 was an incredibly high 89.6 percent. The comparable rates for other families led by single-parent mothers were 55.4 percent for heads of families 25 through 44, and 41.9 percent for heads of families 45 through 64.

Poverty rates for the other four non-elderly family types were also highest among heads of families and unattached individuals under 25. In fact, the risk of poverty among young people under 25 has increased significantly in recent years with the deterioration in the job market.

Poverty Rates for Persons By Age and Sex, 1994

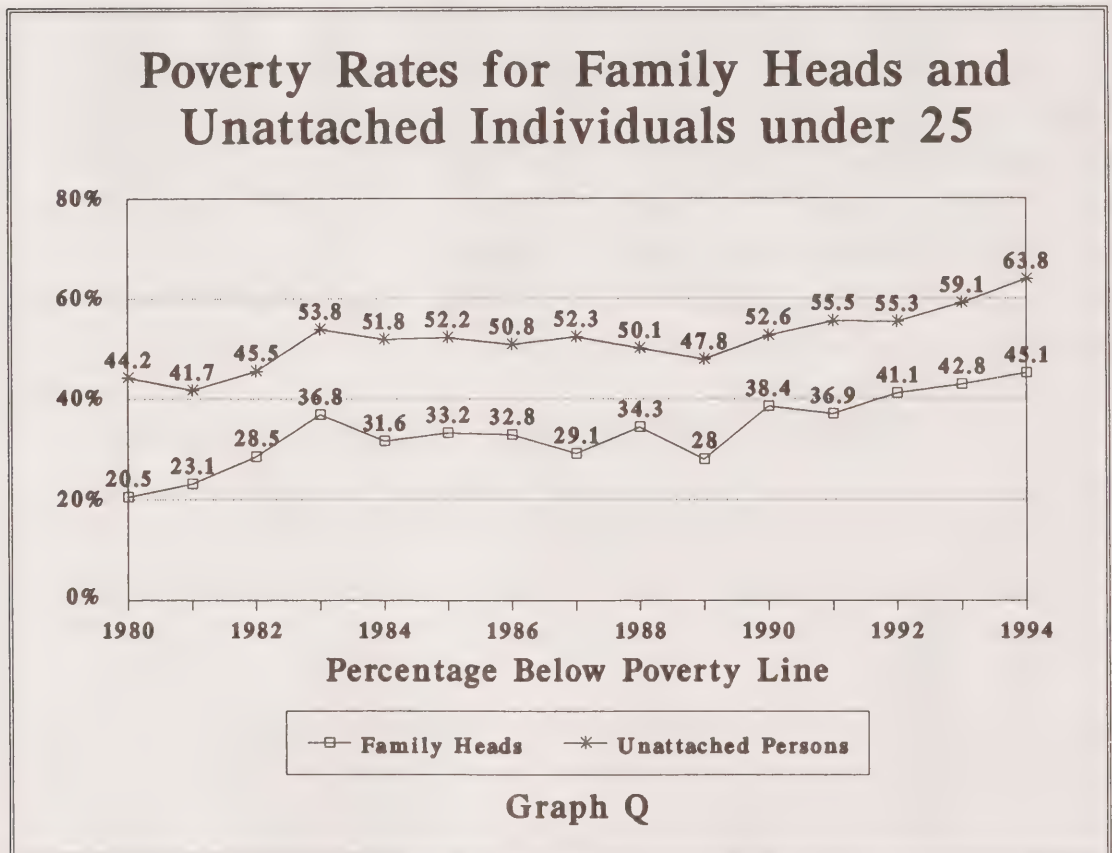


Poverty Rates by Family Type And Age of Head, 1994



Graph P

Graph Q shows the poverty rates for families headed by people under 25 and unattached individuals under 25 from 1980 through 1994. Poverty rates for the unattached rose following the recession of 1981-1982 and remained at very high levels for most of the rest of the decade. After a slight dip in 1989, rates began rising again and hit 63.8 percent in 1994. The picture was a bit less gloomy for young families, but poverty rates have risen sharply since 1989 and reached 45.1 percent in 1994.



Work Activity

As might be expected, a good job is the best insurance against poverty for Canadians under the age of 65, and Statistics Canada has several measures that show how the risk of poverty decreases as work activity increases. One of the most revealing relates poverty rates to the number of weeks worked during the year for those under age 65, as shown in Graph R on the next page.

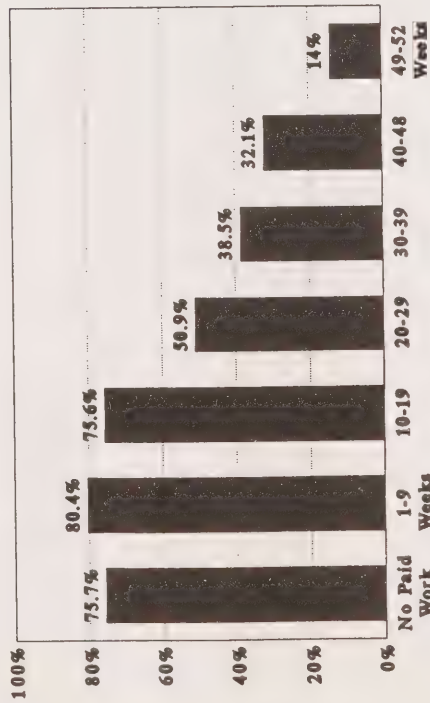
The upper left portion of the graph shows how the poverty rates for unattached individuals under 65 decline as their weeks of work increase. The poverty rates for unattached persons with only a few weeks of work in 1994 were extremely high. The poverty rate for those who worked for 49 to 52 weeks was only 14 percent.

The same general pattern holds true for families with heads under 65 as shown in the upper right portion of Graph R. Weeks of work for families includes weeks of work by the head of the family plus weeks of work by a spouse in the case of married couples. All the married couples with only one wage-earner and all single-parent families are covered by the bars in the graph that end at 49 to 52 weeks of work. The three additional bars represent husband-wife families where the two spouses together worked a total of more than 52 weeks. The poverty rate for couples under 65 with 93 or more weeks of work in 1994 was a mere 2.5 percent.

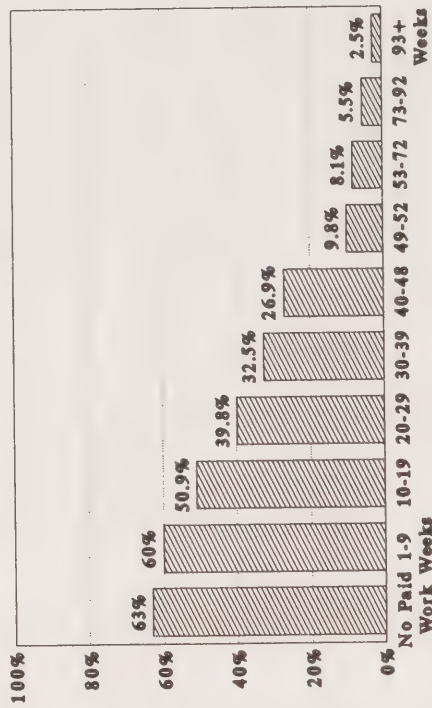
The pie charts in the bottom half of the graph show the distribution of poor unattached persons under 65 and poor families with heads under 65. Not surprisingly, the largest slices of the two pies represent poor people who did not work at all for wages in 1994.

On the other hand, the pies also show that even 52 weeks of work a year does not always insulate a person from poverty. Some 216,000 unattached persons - or 21 percent of all poor unattached persons under 65 - were poor in 1994 even though they worked between 49 and 52 weeks. Some 71,000 families - or seven percent of all poor families with heads under 65 - were poor even when husbands and wives together worked for 93 or more weeks during the year.

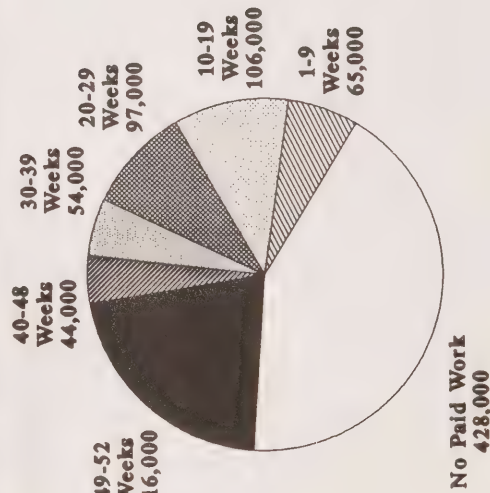
**Poverty Rates By Weeks of Work For
Unattached Persons Under 65, 1994**



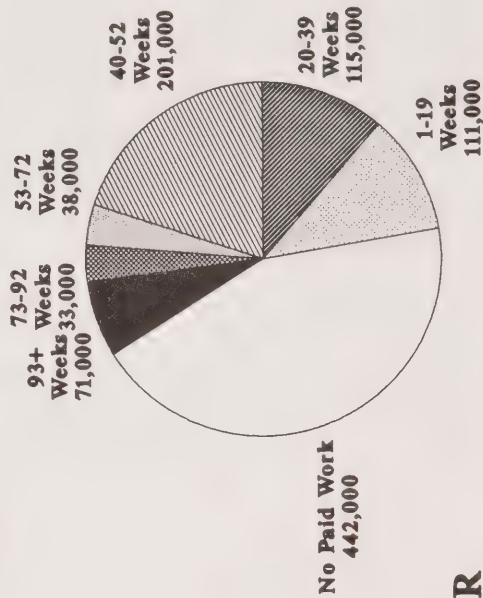
**Poverty Rates By Weeks of Work
For Families Under 65, 1994**



**Distribution of Poor Unattached Persons
Under 65 By Weeks of Work, 1994**



**Distribution of Poor Families
Under 65 By Weeks of Work, 1994**



Poverty rates for both families and unattached individuals also vary with the type of work done. Table 8 is arranged so that occupational groupings with the lowest poverty rates for family heads come first and the highest rates come last. The ranking of poverty rates for unattached individuals is somewhat different. In both cases, however, family heads and unattached individuals in managerial jobs had the lowest poverty rates, and workers in service industries had the highest rates.

TABLE 8
POVERTY RATES BY OCCUPATION, 1994

Occupational Group	Family Heads	Unattached Individuals
Managerial	4.6%	11.5%
Professional	5.9%	18.1%
Processing and Machining	7.1%	15.3%
Product Fabrication	8.1%	20.3%
Transport	10.4%	23.1%
Construction	10.5%	27.1%
Sales	11.0%	31.4%
Farming, Fishing, Forestry	13.3%	27.5%
Clerical	13.7%	28.9%
Services	18.5%	48.8%

Number and Age of Children

We have seen how poverty rates vary by family type. Rates for two-parent families are relatively low, and rates for families led by single-parent mothers are sky-high. Within these general ranges, the rates vary noticeably with the number and age of children.

The top half of Graph S shows the poverty rates for two-parent families and the bottom half shows the rates for families led by single-parent mothers. Although the patterns are not perfect, the two parts of the graph suggest that poverty rates increase with the number of children but decrease once the youngest child reaches school age.

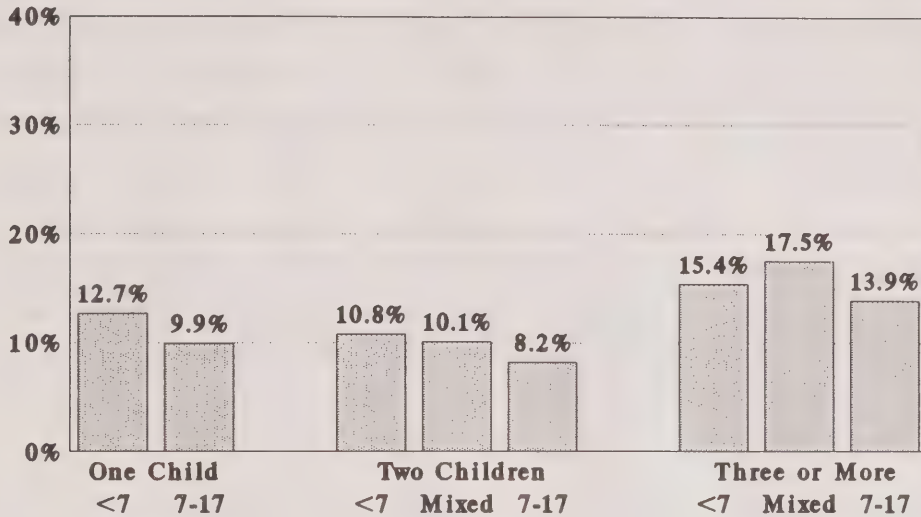
The poverty rate for two-parent families with two children under age seven was 10.8 percent in 1994. The rate for families with two children of mixed age groups - one under seven and one seven through 17 - was 10.1 percent. The rate for families with two children both seven or older was 8.2 percent.

The same pattern was even more striking among families with two children headed by single-parent mothers. The poverty rate was 82.8 percent when both children were under seven, it fell to 66.1 percent when one of the children was seven or older, and it fell again to 46.4 percent once both children had reached seven.

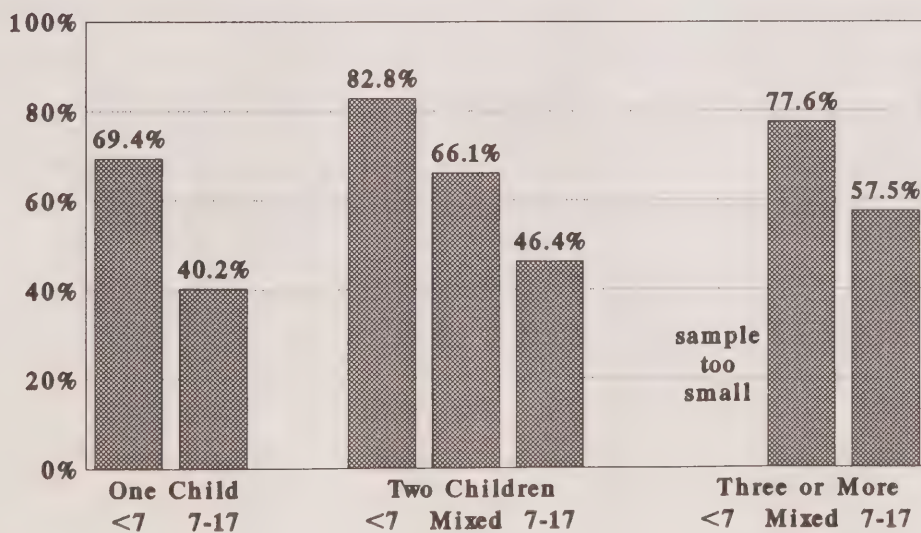
It would be logical to expect that the risk of poverty is higher for families of all types with very young children, because the job of caring for infants and toddlers sometimes keeps mothers out of the labour force. Mothers are more inclined to take jobs outside the home once their youngest children are off to school.

As an aside, it is interesting to note that families led by single-parent mothers had fewer children on average than two-parent families. In 1994, poor single-parent mothers under 65 had an average of 1.7 children under 18, and single-parent mothers who were not poor had an average of 1.49 children. Among couples under 65 with children, poor couples had 2.02 children under 18 on average and non-poor couples had 1.86 children.

Poverty Rates for Two-Parent Families Under 65, by Number and Age Group Of Children Under 18, 1994



Poverty Rates for Single-Parent Mothers Under 65, by Number and Age Group Of Children Under 18, 1994



Graph S

Education

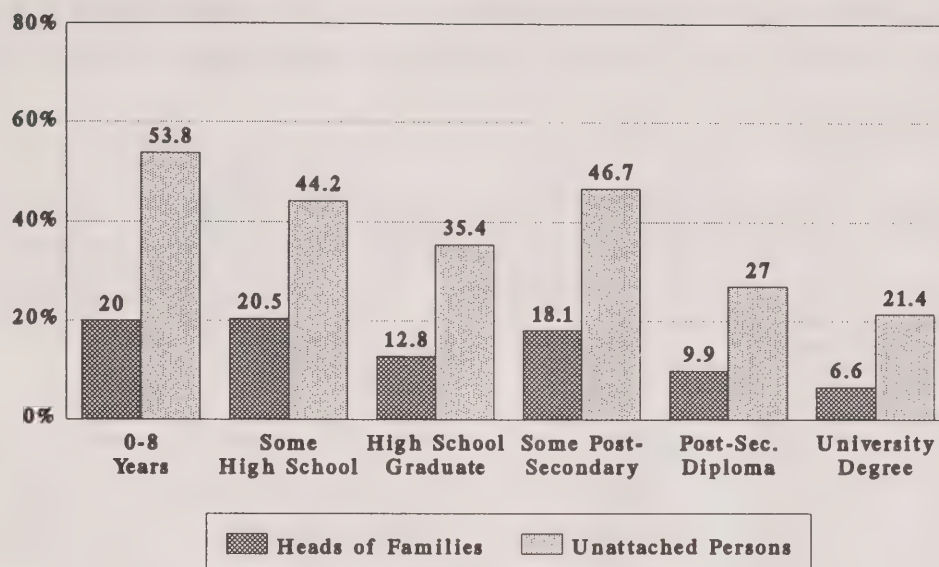
The risk of poverty normally decreases as people get more schooling. The top half of Graph T shows poverty rates of 20 percent or more for heads of families who had eight years of schooling or less or who had some high school, but did not graduate. The lowest poverty rates were family heads with university degrees. The same general pattern was true for unattached individuals.

The bottom part of Graph T shows the poverty rates by family type, with the highest rates at the left of the graph. The darkly shaded bars are poverty rates for family heads or unattached individuals who did not graduate from high school. The lighter bars are poverty rates for family heads or unattached individuals with a high school diploma or better.

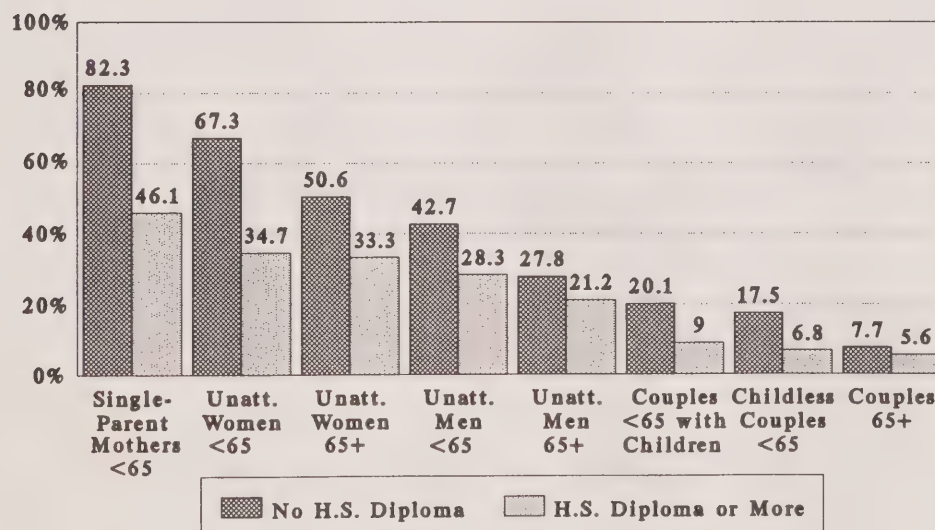
The patterns are similar to the patterns for family type alone shown earlier in this report. The poverty rate for families led by single-parent mothers with less than a high school education was 82.3 percent - by far the highest rate among all those who did not graduate from high school. Single-parent mothers who did graduate had a poverty rate of 46.1 percent - again the highest of any family type. This shows that family type and level of education both influence a person's risk of poverty.

Poor education can be either a cause of poverty or an effect. Young people who drop out of school may be poor because they lack the skills needed to get good jobs. On the other hand, young women who drop out of school if they get pregnant may be poor because of the hardships associated with single parenthood. The fact that they are poorly educated is a result of their family circumstances rather than an immediate cause of poverty.

Poverty Rates by Highest Level Of Education Completed, 1994



Poverty Rates by Family Type And Level of Education, 1994



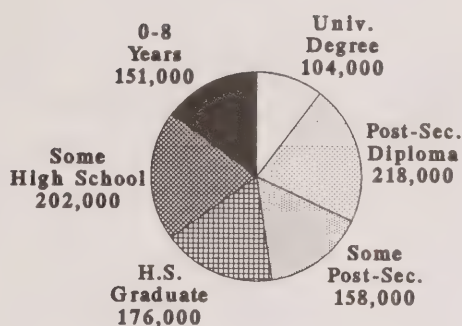
Graph T

Another way of looking at poverty and education is to compare the educational levels of poor people and non-poor people as in Graph U. The two pies on the left side of the page show the levels of education of poor unattached individuals under 65 or heads of poor families under 65. The pies on the right show the same for non-poor unattached people under 65 or heads of non-poor families under 65.

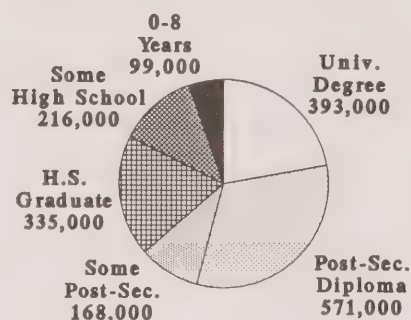
The graph shows that poor people as a group tend to have lower levels of education than non-poor people. The black slices of the pies, representing people who did not attend high school, are proportionately larger for poor people. The white slices of the pies, representing people with university degrees, are proportionately larger for the non-poor.

Graph U also shows that there is no definitive link between poverty and education. Hundreds of thousands of people who never finished high school somehow managed to avoid poverty in 1994. On the other hand, there were 104,000 unattached persons and 80,000 heads of families under 65 who had university degrees and still found themselves poor.

Education of Poor and Non-Poor Unattached Individuals under 65, 1994

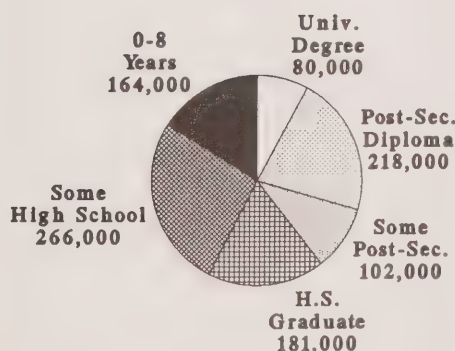


Poor

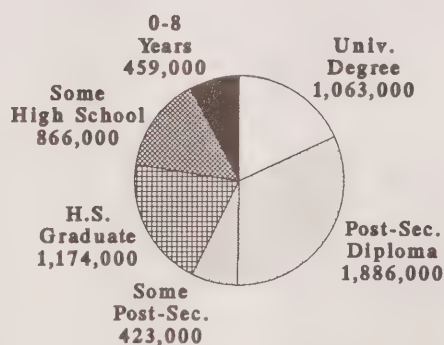


Non-Poor

Education of Poor and Non-Poor Families with Heads under 65, 1994



Poor



Non-Poor

Graph U

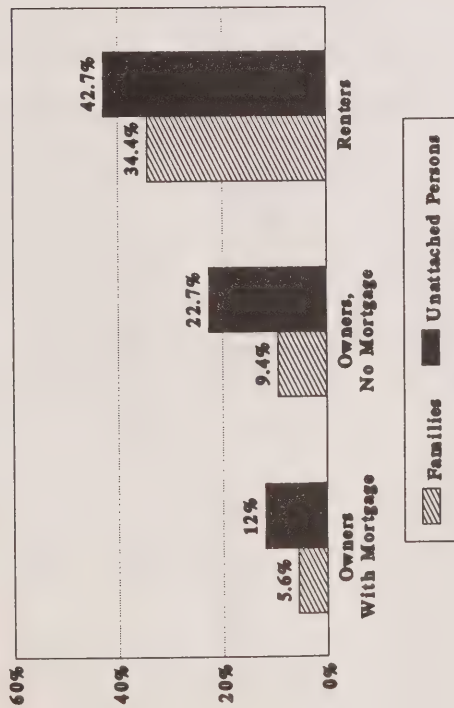
Homeowners and Renters

Statistics on poverty and housing are collected in three categories: homeowners with mortgages, homeowners without mortgages, and renters.

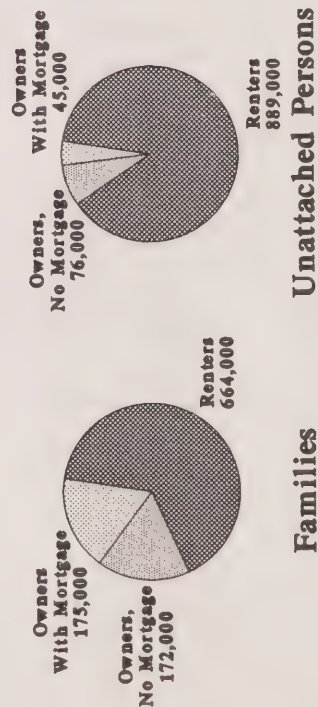
The top half of Graph V gives the poverty rates by housing status for families and unattached individuals under 65 and elderly families and unattached individuals. In both age groups, poverty rates were highest for unattached individuals and families who rented their homes. For the under 65 group, poverty rates increased from the category homeowners with mortgages to owners without mortgages to renters. For the 65 and older group, the pattern was different: homeowners without mortgages had significantly lower poverty rates than homeowners with mortgages.

There are also interesting differences in the distribution of poor families and unattached individuals by age group as shown in the bottom half of Graph V. For those under 65, 664,000 families or two-thirds of all poor families and 889,000 unattached persons or 88 percent of all poor unattached individuals were renters. For those 65 and older, 38,000 families or 39 percent of poor families and 270,000 unattached people or 66 percent of all poor unattached seniors were renters. Most of the rest of the poor seniors were homeowners without mortgages. Presumably, most of them paid off their mortgages during the course of their working lives but still wound up in poverty because their annual retirement incomes were very low.

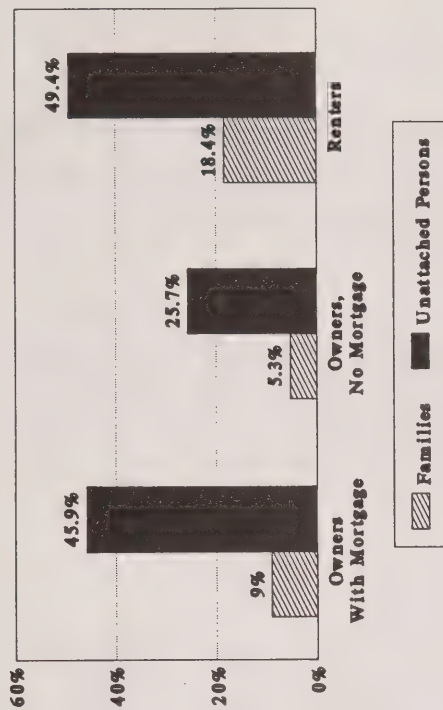
**Poverty Rates for Homeowners
And Renters Under 65, 1994**



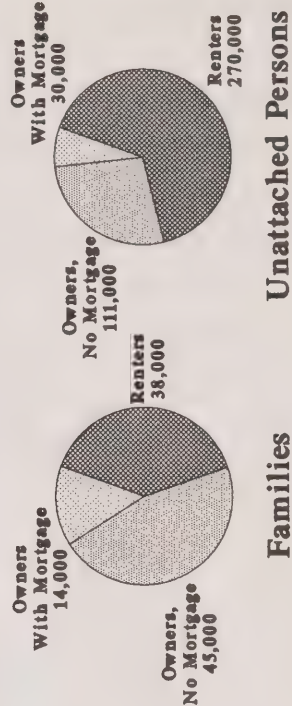
**Distribution of Poor People
Under 65 by Housing Status, 1994**



**Poverty Rates for Homeowners
And Renters 65 and Older, 1994**



**Distribution of Poor People
65 and Older by Housing Status, 1994**

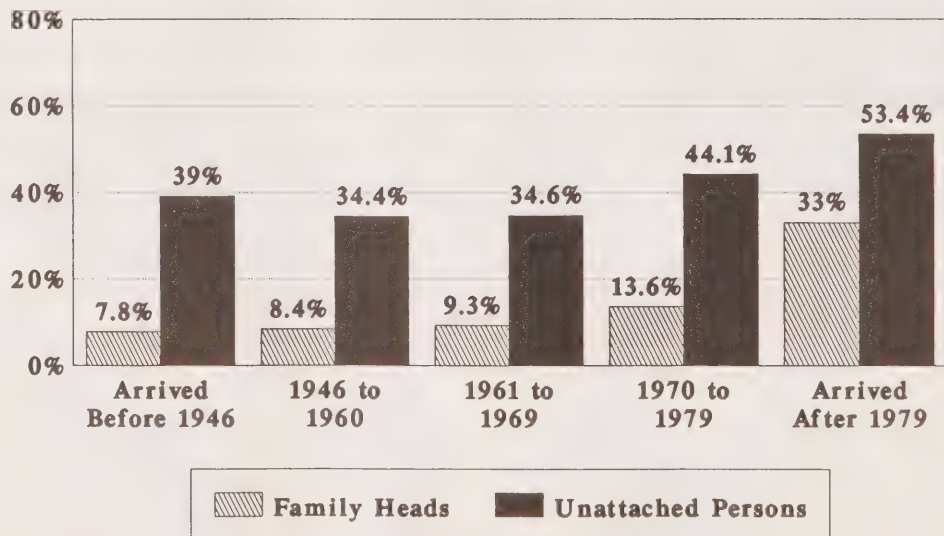


Year of Immigration

Poverty rates were relatively low for families with heads who immigrated to Canada prior to 1980, and they were relatively high for families with heads who arrived in the 1980s or later. Among unattached individuals, poverty rates were lowest among those who immigrated before 1970 and highest among those who arrived after 1979.

The poverty rate for all families headed by immigrants was 17.8 percent in 1994, and the poverty rate for all unattached immigrants was 42.9 percent. The comparable rate for families with Canadian-born heads was 12.6 percent, and the comparable rate for unattached people born in Canada was 36.0 percent.

Poverty Rates for Immigrants By Period of Immigration, 1994



Graph W

Area of Residence

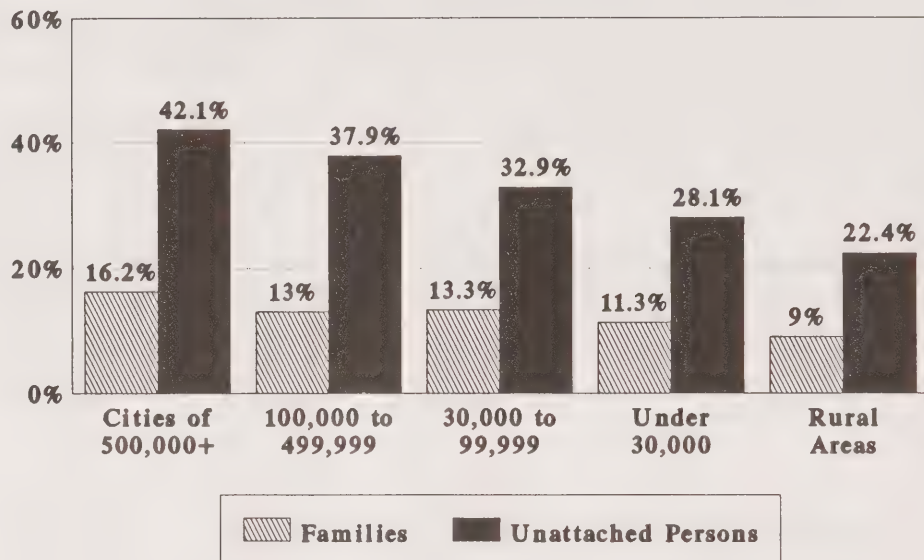
Graph X on the next page shows poverty among families and unattached people by the size of their communities. Each of the five categories in the graph corresponds to a set of poverty lines based on community size.

The top half of the graph shows that poverty rates are higher in large cities than in small towns and rural areas. This is partly due to the fact that the low income cut-offs are higher in urban areas than rural areas. For example, a single person with an annual income of \$14,000 in 1994 would have been considered poor in the nine census metropolitan areas with populations of more than half a million, but would have been above the poverty line in all other parts of Canada.

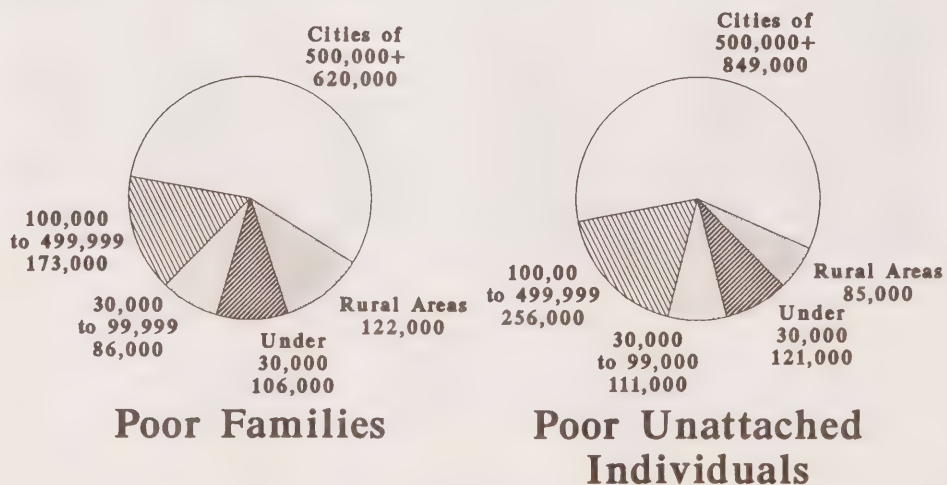
The bottom half of the graph shows the distribution of poor families and unattached individuals by community size. In 1994, 620,000 poor families or 56 percent of all poor families and 849,000 unattached individuals or 60 percent of all poor unattached people lived in cities of half a million people or more.

The percentage of poor people living in the biggest cities is disproportionately high, because only 47 percent of all families and 53 percent of all unattached individuals lived in cities of half a million or more in 1994.

Poverty Rates By Size of Area of Residence, 1994



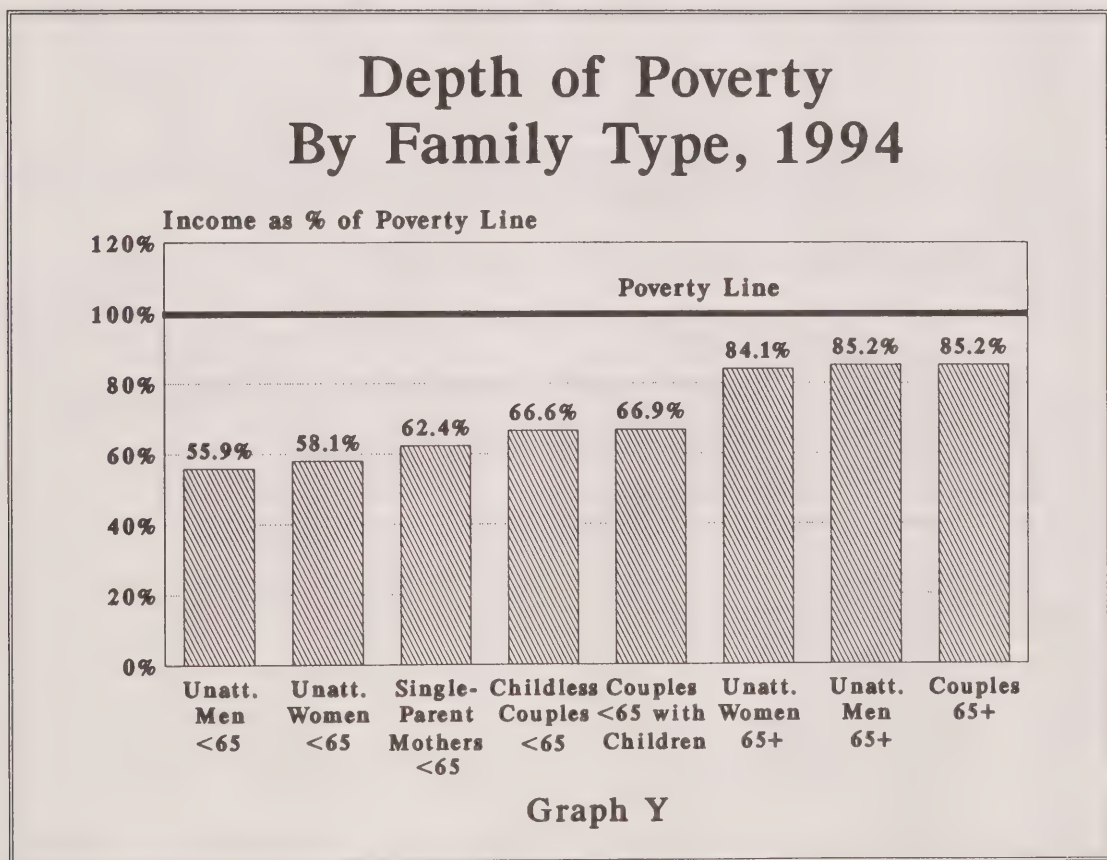
Distribution of Poor Families And Unattached Individuals, 1994



Graph X

DEPTH OF POVERTY AND THE POVERTY GAP

It is one thing to measure the risk of poverty and another to measure its severity. Poverty rates show the percentage of the population which is poor each year, but they do not show whether poor people are living in abject poverty or a few dollars below the poverty line. For that, we need measures of the "depth of poverty." Depth of poverty statistics also allow us to calculate the "poverty gap" to show how much additional income would be needed to bring all Canadians out of poverty.



Graph Y shows the average incomes of poor Canadians as a percentage of the poverty line for the eight family types which were highlighted in previous chapters. The groups are arranged with the poorest at the left of the graph and the least poor at the right. Unattached men under 65 were the poorest of the eight family types in 1994, with total incomes that were only

55.9 percent of the poverty line on average. Poor unattached men 65 and older and poor married couples 65 and older were at the other end, with average incomes of 85.2 percent of the poverty line.

Depth of poverty can also be expressed in dollars as the difference between the poverty line and the average income of poor families or unattached individuals. Table 9 shows the depth of poverty by family type for 1980 and 1994, with all the figures given in 1994 dollars to factor out the effects of inflation over the years.

TABLE 9		
AVERAGE DEPTH OF POVERTY BY FAMILY TYPE IN CONSTANT 1994 DOLLARS, 1980 AND 1994		
Family Type	Dollars Below Poverty Line in 1980	Dollars Below Poverty Line in 1994
Single-Parent Mothers under 65 with Children under 18	\$ 9,912	\$ 8,535
Couples under 65 with Children under 18	\$ 8,167	\$ 8,203
Unattached Women under 65	\$ 7,200	\$ 5,943
Unattached Men under 65	\$ 6,903	\$ 5,902
Childless Couples under 65	\$ 6,605	\$ 5,999
Unattached Men 65 and Older	\$ 4,051	\$ 2,089
Unattached Women 65 and Older	\$ 3,900	\$ 2,322
Couples 65 and Older	\$ 3,318	\$ 2,870

Poor single-parent mothers under 65 with children under 18 were the worst off, living \$9,912 below the poverty line on average in 1980 and \$8,535 below the line in 1994. Poor couples under 65 with children under 18 were not much better off, with average incomes \$8,167 below the poverty line in 1980 and \$8,203 below the line in 1994.

Unattached women and men under 65 came next. They were worst off when depth of poverty was expressed as a percentage of the poverty line, but had a different ranking when the measure was dollars below the poverty line. The explanation for this apparent inconsistency is that the poverty lines are higher for families than they are for unattached people. A family of four living in a large city at half the 1994 poverty line of \$30,708 would have been \$15,354 below the line, while a single person at half the poverty line of \$15,479 would have been \$7,740 below the line.

TABLE 10
POVERTY GAP BY FAMILY TYPE, 1994

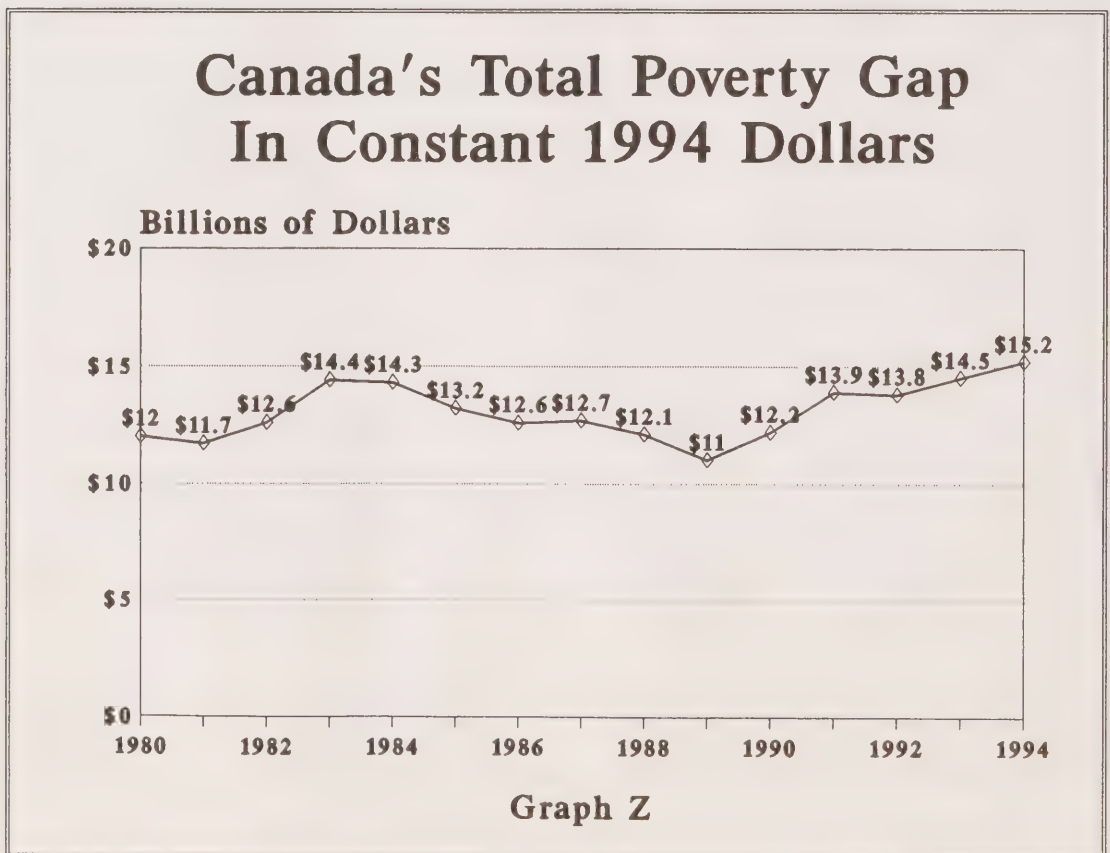
Family Type	Poverty Gap	Percentage of Total Gap
Unattached Men under 65	\$3,102,000,000	20.5%
Unattached Women under 65	\$2,877,000,000	19.0%
Couples under 65 with Children under 18	\$2,863,000,000	18.9%
Single-Parent Mothers under 65 with Children under 18	\$2,708,000,000	17.9%
Couples under 65 without Children	\$1,091,000,000	7.2%
Unattached Women 65 and Older	\$801,000,000	5.3%
Couples 65 and Older	\$171,000,000	1.1%
Unattached Men 65 and Older	\$138,000,000	0.9%
Others	\$1,403,000,000	9.2%
Total Poverty Gap	\$15,155,000,000	100.0%

Using the average depth of poverty in dollars for different family types and the number of families or unattached individuals in each group, it is possible to calculate Canada's total

"poverty gap," or the amount of additional income that would be required to bring all Canadians above the poverty line in any given year.

The poverty gap in 1994 was \$15.2 billion, as shown in Table 10 on the previous page. Four family types accounted for more than three-quarters of the gap: unattached men under 65, unattached women under 65, couples under 65 with children under 18, and single-parent mothers under 65 with children under 18. The ranking of these four groups changes from year to year, but no other family types come close to the size of their poverty gaps.

Canada's poverty gap rose and fell in recent years in much the same way that poverty rates rose and fell, as shown in Graph Z. All the dollar figures have been expressed in constant 1994 dollars to show the trends with the effects of inflation removed. The gap was \$12 billion in 1980, it rose to \$14.4 billion in 1983 in the wake of the recession, and it fell for most of the decade. With the start of another recession in 1990, the gap rose once again.



A third way of looking at depth of poverty is to group families and unattached individuals into income categories based on percentages of the poverty lines, as in Graph AA and AB on the pages that follow.

Graph AA shows the distribution of incomes in 1994 for the four types of unattached individuals. Each type is represented by a pie, and the slices of the pies represent people in different income categories: less than 50 percent of the poverty line, 50 to 75 percent of the line, 75 to 100 percent of the line, 100 to 125 percent of the line, and more than 125 percent of the line.

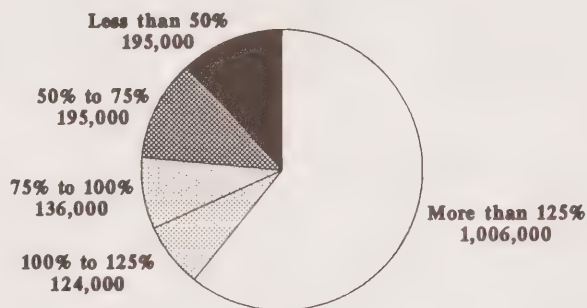
The income distributions for unattached men and women under 65 are shown in the two pies in the top half of Graph AA. Relatively large numbers of people were well below the poverty line in 1994. The poorest of the poor were the 195,000 poor unattached men under 65 and the 170,000 poor unattached women under 65 with incomes of less than 50 percent of the poverty line. They would have needed huge increases in their incomes to escape from poverty.

The income distributions were markedly different for the unattached men and women 65 and older as shown in the two pies in the bottom half of the graph. The category less than 50 percent of the poverty line was so small that it had to be combined with the category 50 to 75 percent of the poverty line. Huge numbers of unattached seniors fell into the two categories shown in light gray: 75 to 100 percent of the poverty line and 100 to 125 percent of the line. With this kind of income distribution, poverty rates could fall or rise noticeably if unattached seniors saw their incomes go up or down by even a few dollars a week.

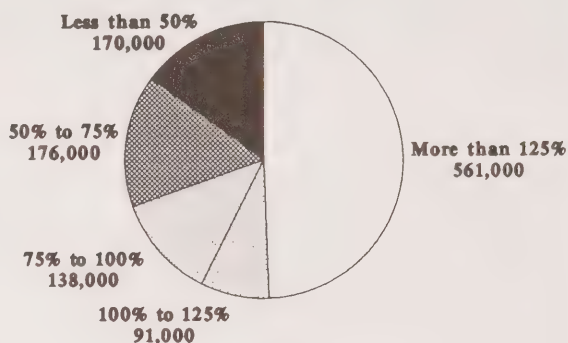
Just to get an idea of the impact of modest increases or decreases in income for all unattached individuals, the National Council of Welfare recalculated the 1994 poverty statistics according to hypothetical best-case and worst-case scenarios.

In the best-case scenario, we assumed that all the poor unattached people with incomes between 75 and 100 percent of the poverty line - one of the light gray slices of each pie in Graph AA - got enough additional income in 1994 to put them over the poverty line. The number of poor unattached individuals would have dropped from 1,421,000 to 817,000 under this scenario, and the poverty rate would have fallen from 37 percent to 21.3 percent.

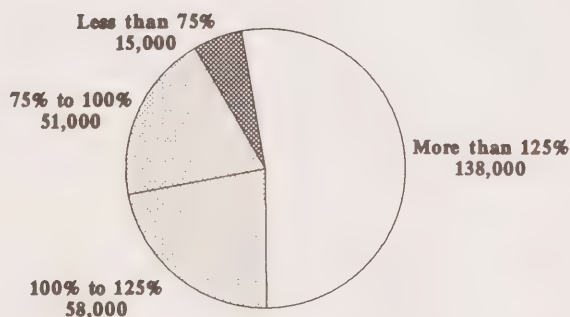
Income Distributions in 1994 As Percentages of the Poverty Line



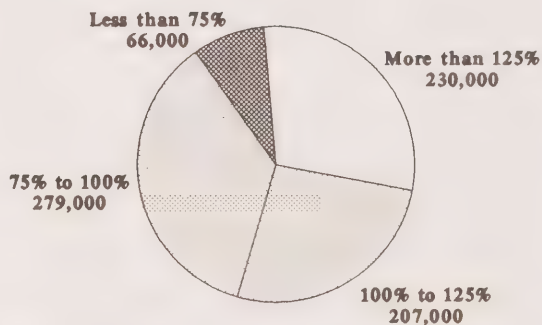
**Unattached Men
Under 65**



**Unattached Women
Under 65**



**Unattached Men
65 and Older**



**Unattached Women
65 and Older**

Graph AA

In the worst-case scenario, we assumed that all "near poor" unattached persons with incomes of 100 to 125 percent of the poverty line - the other light gray slice of each pie - lost enough income in 1994 to fall into poverty. The number of poor unattached individuals would have risen from 1,421,000 to 1,901,000 under this scenario, and the poverty rate would have shot up from 37 percent to 49.5 percent.

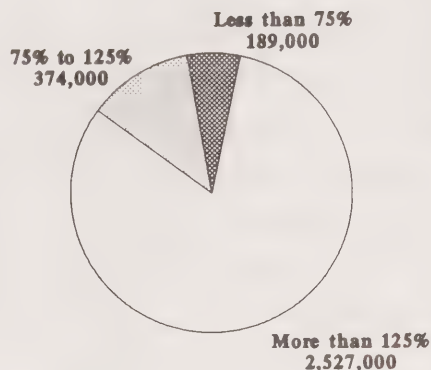
Graph AB on the next page presents the same kind of income distributions for families. The three pies for couples under 65 with children under 18, couples under 65 without children, and couples 65 and older are similar. The vast majority of families had incomes of more than 125 percent of the poverty line. The light gray slices representing incomes of 75 to 100 percent of the poverty line and 100 to 125 percent of the line are relatively small - so small that the categories had to be combined in two of the pies to be identified clearly. Two other categories - under 50 percent of the poverty line and 50 to 75 percent of the line - were even smaller and also had to be combined.

The one family type that was the exception to the overall pattern for families was single-parent mothers under 65 with children under 18. That particular pie shows relatively few single-parent mothers with incomes of 125 percent or more of the poverty line. It also shows 72,000 single-parent mothers with incomes of less than half the poverty line and 155,000 mothers at 50 to 75 percent of the poverty line.

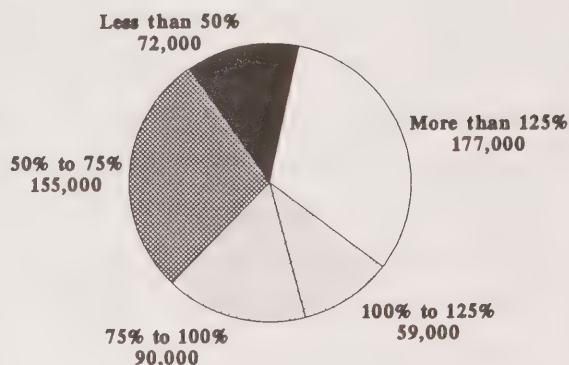
Under a hypothetical best-case scenario, with all families at 75 to 100 percent of the poverty line getting additional income and moving out of poverty, the number of poor families would have dropped from 1,108,000 to 636,000 in 1994 and the poverty rate would have fallen from 13.7 percent to 7.9 percent.

Under a worst-case scenario, with families at 100 to 125 percent of the poverty line falling into poverty, the number of poor families would have risen from 1,108,000 to 1,736,000, and the poverty rate would have gone up from 13.7 percent to 21.4 percent.

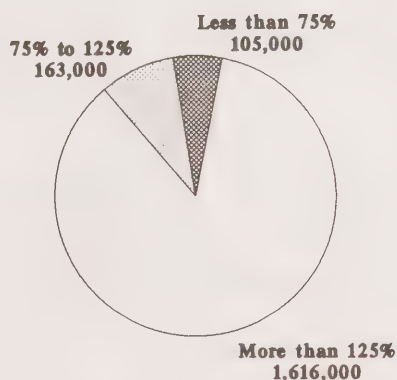
Income Distributions in 1994 As Percentages of the Poverty Line



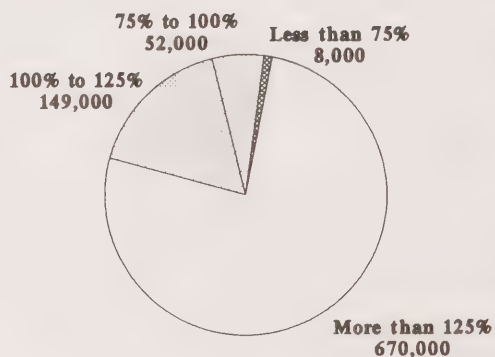
**Couples under 65
With Children**



**Single-Parent
Mothers**



**Couples Under 65
Without Children**



**Couples 65
and Older**

Graph AB

POOR CANADIANS AND THEIR SOURCES OF INCOME

One measure of the financial plight of poor people is how far they live below the poverty line. Another is how their incomes compare to average incomes. Table 11 gives the average income of poor Canadians by family type in 1994, the average income of all Canadians by family type, and the relationship between the two. For example, unattached men under 65 who were poor had a total income of \$8,201 on average in 1994. The income of all unattached men under 65, both poor and non-poor, was \$28,050 on average. The average income of the poor amounted to 29 percent of the average income of all unattached men under 65.

TABLE 11

INCOMES OF THE POOR COMPARED TO AVERAGE INCOMES, 1994

Family Type	Average Income of Poor	Average Income of All	Income of Poor as Percentage of All
Unattached Men under 65	\$8,201	\$28,050	29%
Unattached Women under 65	\$8,525	\$22,521	38%
Unattached Women 65 and Older	\$12,311	\$17,106	72%
Unattached Men 65 and Older	\$12,406	\$23,782	52%
Childless Couples under 65	\$12,699	\$54,214	23%
Single-Parent Mothers under 65 with Children under 18	\$14,397	\$24,221	59%
Couples 65 and Older	\$17,272	\$37,387	46%
Couples under 65 with Children under 18	\$19,022	\$61,168	31%

The differences between the average incomes of the poor and all Canadians are sometimes striking. Poor couples under 65 with children under 18 had an average family income of \$19,022 in 1994, for example, while the average income of all couples with children under 18 was \$61,168 or roughly three times as large.

The differences were much less in the case of unattached seniors and single-parent mothers, because average incomes were much less. The average income for poor single-parent mothers under 65 with children under 18 was \$14,397 in 1994, but the average income of all single-parent mothers was only \$24,221 - much less than average incomes for all husband-wife families.

Obviously, many poor Canadians rely on government programs of one kind or another to help make ends meet. In some cases, the amounts provided by governments are surprisingly modest, and the amounts provided by earnings and non-government sources of income are substantial. In other cases, especially in the case of poor seniors, governments provide a very large portion of total income.

Table 12 shows the average amount of transfer payments received by poor families and unattached individuals in 1994. Transfer payments include Canada and Quebec Pension Plan benefits, unemployment insurance, welfare, the federal Old Age Security pension and Guaranteed Income Supplement, the federal Child Tax Benefit and the federal GST credit. The Canada and Quebec Pension Plans and unemployment insurance are government-run programs, but the money comes from contributions by workers and employers, not from government.

The family types in the table are ranked according to the average size of the transfer payments, with the smallest amounts first. The second column gives the average incomes of poor families and unattached individuals from all sources - the same figures as in Table 11. The third column gives the percentage of total income from transfers.

Government programs of one kind or another provided roughly half of total income for the first four family types, 73 percent of total income for single-parent mothers under 65 with children under 18, and more than 90 percent of total income for the three family types 65 or older.

TABLE 12

TRANSFER PAYMENTS TO THE POOR BY FAMILY TYPE, 1994

Family Type	Average Transfer Payment	Average Income from All Sources	Transfers as Percentage of Total Income
Unattached Men under 65	\$4,181	\$8,201	51 %
Unattached Women under 65	\$4,238	\$8,525	50 %
Childless Couples under 65	\$6,361	\$12,699	50 %
Couples under 65 with Children under 18	\$9,067	\$19,022	48 %
Single-Parent Mothers under 65 with Children under 18	\$10,551	\$14,397	73 %
Unattached Women 65 and Older	\$11,183	\$12,311	91 %
Unattached Men 65 and Older	\$11,558	\$12,406	93 %
Couples 65 and Older	\$15,829	\$17,272	92 %

We now turn to specific sources of income for poor people, beginning with poor seniors. One reason that poverty rates for seniors have plummeted over the years has been the variety of government programs for seniors. Table 13 on the next page provides a closer look at these and other common sources of income for poor senior couples and poor unattached men and women 65 and older. For each family type, there are two columns. The first column indicates the percentage of poor families or unattached individuals with income from a particular source. The second column gives the average amount received by recipients only. Poor people who did not receive a particular type of income were not included in calculating the average amount of that type of payment.

Almost all poor seniors got a sizable portion of their total incomes from the federal government's Old Age Security pension and Guaranteed Income Supplement. The reason two of the percentages are less than 100 percent is probably because some poor seniors were recent

immigrants to Canada who did not meet the residence requirements of the programs. The maximum Old Age Security pension and Guaranteed Income Supplement for senior couples in 1994 was \$16,489, and the maximum for an unattached senior was \$10,170.

TABLE 13
SOURCES OF INCOME FOR POOR SENIORS 65 AND OLDER, 1994

Source of Income	Couples (60,000)		Unattached Men (66,000)		Unattached Women (345,000)	
	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient
Old Age Pension and Guaranteed Income Supplement	95%	\$11,554	100%	\$7,680	97%	\$8,162
Canada and Quebec Pension Plans	79%	\$4,882	73%	\$4,105	70%	\$3,361
Investments	28%	\$1,508	17%	\$990	34%	\$1,790
Provincial Supplements	25%	\$1,931	37%	\$985	45%	\$1,076
Occupational Pension Plans	12%	\$2,343	20%	\$3,031	13%	\$3,180
RRSPs	2%	\$2,342	1%	\$2,533	2%	\$1,315
Income from All Sources	100%	\$17,272	100%	\$12,406	100%	\$12,311

The second most important source of income, claimed by 79 percent of poor senior couples, 73 percent of poor unattached senior men and 70 percent of poor unattached senior women was benefits from the Canada Pension Plan or Quebec Pension Plan. The maximum retirement benefit under the two plans was \$8,333 in 1994, and the maximum survivor pension

for a person 65 and older was \$5,000. The maximums relate to career earnings above the average wage. People who had lower earnings during their careers get lower benefits.

Some poor seniors had income from investments, but the average amounts were modest.

The category provincial supplements refers to those provinces which have income supplements for low-income seniors in addition to the Guaranteed Income Supplement. The amounts provided by these programs vary greatly from province to province, and the amounts received were modest on average.

A fairly small proportion of poor seniors had income from occupational pension plans. Poor coverage has been a long-term problem of occupational pension plans, and Table 13 shows how little retirement income the plans provided to people who retired at the low end of the income scale.

Much the same could be said of income from RRSPs or registered retirement savings plans. Only one or two percent of all poor seniors got income from RRSP annuities in 1994. In the vast majority of cases, that is because they could not afford to contribute to RRSPs before they retired.

A different picture emerges when we look at sources of income for poor people under 65. Earned income is often the major source of income, although welfare and unemployment insurance benefits are also important. Details are provided in Table 14 on the next page.

Earnings were the single most important source of income in 1994 for four of the five family types listed in Table 14, and they were the second most important source of income for poor single-parent families led by women. Earnings were reported by 59 percent of poor unattached men under 65; 57 per cent of poor unattached women under 65; 57 percent of poor childless couples under 65; 77 percent of poor couples under 65 with children under 18; and 43 percent of poor single-parent mothers under 65 with children under 18.

The average amounts of earnings were noteworthy in all cases. The average of \$6,829 earned by poor single-parent mothers, for example, was equivalent to 34 weeks of work for 40 hours a week at a rate of \$5 an hour or 17 weeks of full-time work at \$10 an hour.

TABLE 14

SOURCES OF INCOME FOR POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65, 1994

Source of Income	Unattached Men (526,000)		Unattached Women (484,000)		Couples without Children (182,000)		Couples with Children (349,000)		Single-Parent Mothers (317,000)	
	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient
Earnings	59%	\$6,153	57%	\$6,433	57%	\$8,638	77%	\$12,002	43%	\$6,829
Welfare	43%	\$5,872	38%	\$6,291	35%	\$8,087	37%	\$10,149	73%	\$9,694
Unemployment Insurance	13%	\$4,274	9%	\$3,905	20%	\$5,006	25%	\$5,525	11%	\$4,548
Investments	8%	\$669	12%	\$1,754	20%	\$1,884	14%	\$2,339	4%	\$1,578
Child Tax Benefit	--	--	--	--	--	--	100%	\$2,546	99%	\$2,046
Canada & Quebec Pension Plans	8%	\$5,259	14%	\$5,400	18%	\$5,939	5%	\$5,738	5%	\$5,035
Occupational Pension Plans	2%	\$5,715	2%	\$5,378	8%	\$7,461	1%	\$8,216	1%	\$2,605
Child and/or Spousal Support	--	--	2%	\$4,444	--	--	2%	\$2,847	20%	\$3,254
Income from All Sources	100%	\$8,201	100%	\$8,525	100%	\$12,699	100%	\$19,022	100%	\$14,397

A sizable portion of each of the five family types received welfare during 1994. Welfare payments were reported by 43 percent of the poor unattached men under 65; 38 percent of the poor unattached women under 65; 35 percent of the poor childless couples under 65; 37 percent of the poor couples under 65 with children under 18; and 73 percent of the poor single-parent mothers under 65 with children under 18. Judging by the average amounts received, many of the poor unattached men and women and the poor single-parent families were on welfare much of the year. Poor couples, with or without children, seem to have spent less time on welfare on average. As the National Council of Welfare reported in Welfare Incomes 1994, unattached people could have received provincial welfare and related benefits ranging between \$3,084 and \$8,326 a year, single parents with one child between \$8,844 and \$15,098, and couples with two children \$9,876 to \$19,562.⁴

Unemployment insurance benefits were reported by 13 percent of the poor unattached men under 65; nine percent of the poor unattached women under 65; 20 percent of the poor childless couples under 65; 25 percent of the poor couples under 65 with children under 18; and 11 percent of the poor single-parent mothers under 65 with children under 18. The average amounts received suggest that poor families or unattached people were on UI for fairly long periods of time. As of July 1994, the maximum UI benefit was \$429 a week.

A relatively small percentage of poor families and unattached individuals under 65 had income from investments.

The federal Child Tax Benefit was introduced in 1993 to replace Family Allowances, the refundable Child Tax Credit and the non-refundable credit for families with children under 18 who pay federal income tax. The maximum Child Tax Benefit in most parts of Canada in 1994 was \$1,233 for each child under age seven and \$1,020 for each child seven through 17. The rates are somewhat different in Quebec and Alberta at the request of the two provincial governments.⁵

Canada and Quebec Pension Plan benefits were claimed by 14 percent of poor unattached women under 65, 18 percent of poor couples under 65 without children, and much smaller percentages of the three other family types. The Survey of Consumer Finances does not specify the type of benefit, but they could be people between 60 and 65 who took early retirement,

widows or widowers who received survivor pensions from the plans, or people who got disability pensions.

Similarly, people who got money from occupational pension plans could have received retirement, survivor or disability pensions.

Finally, Table 14 shows that 20 percent of poor single-parent mothers under 65 received support payments in 1994, and the average amount received was \$3,254. Two percent of poor unattached women under 65 and two percent of couples with children under 18 received support payments from previous marriages.

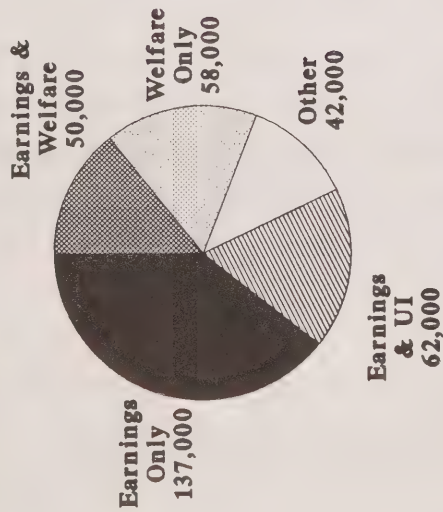
While the data in Table 14 are enlightening, they do not give a clear picture of typical combinations of income. Obviously, some poor people have only one main source of income and others have more than one.

The National Council of Welfare asked Statistics Canada to do special data tabulations to differentiate the poor families and unattached individuals in Table 14 according to their primary source or sources of income. Primary sources of income for people under 65 were assumed to be earnings, welfare and unemployment insurance.

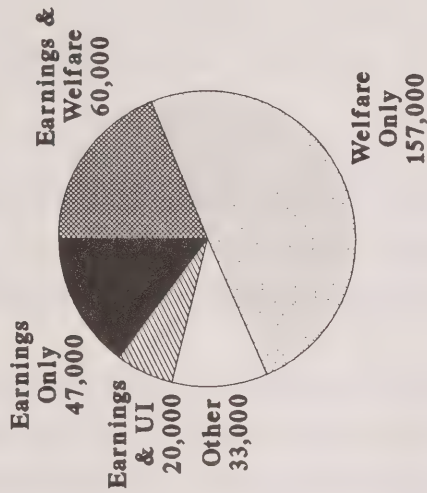
The result was a series of tables based on different combinations of income: earnings alone, welfare alone, earnings and welfare together, and earnings and UI together. Breakdowns of the four combinations are shown in Graph AC. Other possible combinations, such as welfare and UI but not earnings, produced breakdowns too small to be used.

The pie in the upper left portion of the graph represents the distribution of poor couples under 65 with children under 18. A total of 137,000 families reported earnings alone as their primary source of income. Another 62,000 families reported earnings and unemployment insurance but no welfare, and 50,000 reported earnings and welfare but no UI. A total of 58,000 families had welfare income alone. The final slice of the pie represents the other 42,000 poor families who did not fall into any of the main categories. Some of them were probably on disability pensions of one kind or another or retired before age 65.

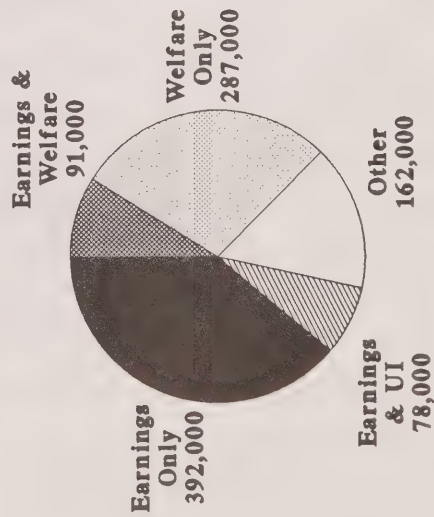
Primary Sources of Income for Poor Couples Under 65 With Children, 1994



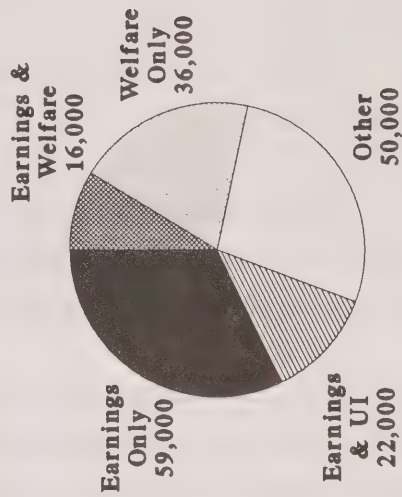
Primary Sources of Income for Poor Single-Parent Mothers Under 65, 1994



Primary Sources of Income for Poor Unattached Individuals Under 65, 1994



Primary Sources of Income for Poor Childless Couples Under 65, 1994



Graph AC

Combining the three slices of the pie that included earnings, 249,000 poor couples under 65 with children under 18 reported earnings as a primary source of income during 1994, but many of them also had to rely on welfare or unemployment insurance for part of the year. That suggests that the parents were willing and able to work outside the home, but that jobs were not always available.

The main sources of income for poor unattached individuals under 65 and couples under 65 without children under 18 followed much the same pattern. There were no significant differences between unattached men and women, so the data for the sexes were combined.

The pie for poor single-parent mothers under 65 with children under 18 was strikingly different. About 157,000 families, or half of the total, listed welfare as their primary source of income. The slices of the pie representing earnings, earnings and welfare, and earnings and UI added up to only 40 percent of the total.

Looking at Graph AC as a whole, it is clear that a majority of poor families and unattached individuals under 65 had ties to the paid labour force, and a relatively small number of poor people were dependent on welfare alone. Poor single-parent mothers were the one family type with a slim majority that relied on welfare as their primary source of income.

It is important to remember that the data in the graph show primary sources of income only for 1994. They do not tell us how the families and unattached individuals fared in other years. Some of the people who relied on welfare as their primary source of income, for example, could have been temporarily down on their luck and were unable to find paying jobs only in 1994. Others could have been dependent on welfare for periods of time longer than one year.

Similarly, the data do not indicate the way in which different sources of income were received. Some of the poor people who relied on earnings and unemployment insurance no doubt started 1994 with paying jobs and were forced to fall back on UI during the course of the year. Others started the year on UI and subsequently found new jobs.

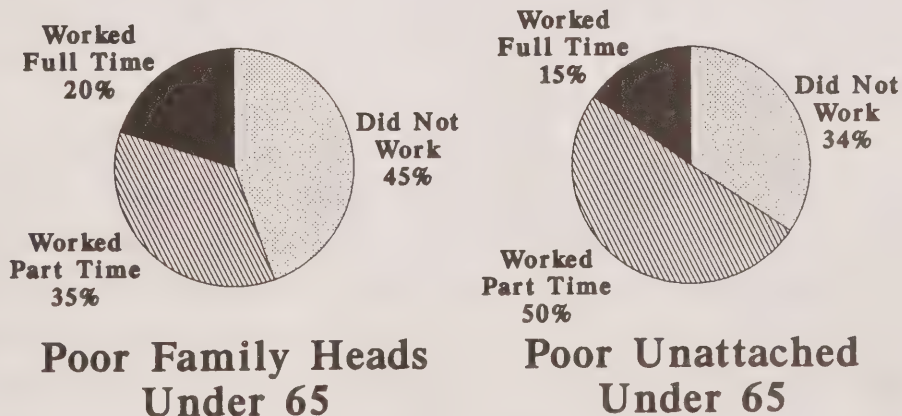
A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST

The Low-Wage Poor

The low-wage poor or "working poor" are poor people who are normally in the labour force. Some researchers reserve the term for poor people who have full-time jobs for virtually the entire year. Others include poor people who have strong ties to the labour market regardless of the number of weeks worked or the normal hours of work each week.⁶

Graph AD gives a breakdown of poor family heads and unattached individuals who worked full time or part time or did not work at all for wages during 1994. In these calculations, Statistics Canada excluded family heads and unattached individuals 65 and older, as well as younger people who reported that they were permanently unable to work.

Work Activity by Family Heads and Unattached People, 1994



Graph AD

Full time means the person worked at least 49 weeks during the year and the normal work week was 30 hours or more. Part time means the person worked less than 49 weeks a year or less than 30 hours a week.

Overall, 20 percent of poor family heads under 65 worked full time in 1994, 35 percent worked part time, and the remaining 45 percent did not work at all for wages. Among poor unattached individuals under 65, 15 percent worked full time, 50 percent worked part time, and the other 34 percent did not work at all for wages.

These figures reflect a deterioration in the employment patterns of poor people, presumably due to the recession and its aftermath. In 1990, 27 percent of poor family heads worked full time, 40 percent worked part time and 33 percent did not work. The comparable 1990 figures for poor unattached individuals were 19 per cent who worked full time, 54 percent who worked part time and 27 per cent who did not work.

Another way to define the low-wage poor is families and unattached individuals living below the poverty line who get at least half of their total income from employment. This definition puts aside the distinction between full-time and part-time work and focuses on poor people who spend a substantial part of the year in paid jobs.

Using this definition, Statistics Canada identified a total of 373,000 families with heads under 65 and 430,000 unattached individuals under 65 who made up the low-wage poor in 1994. Table 15 gives the details for the five main family types under 65. As in Graph AD, the table excludes people permanently unable to work.

Earnings were the most important source of income for a sizable portion of four of the five family types shown. Fifty percent of the poor unattached men under 65, 48 percent of the poor unattached women, 45 percent of the poor couples without children and 55 percent of the poor couples with children were working poor. The exception to the rule was single-parent mothers. Only 19 percent of the poor single-parent mothers under 65 with children under 18 got half or more of their total income from earnings.

TABLE 15

**POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65
WITH EARNINGS OF 50 PERCENT OR MORE OF TOTAL INCOME, 1994**

	Unattached Men	Unattached Women	Childless Couples	Couples with Children	Single-Parent Mothers
Total Number of Poor Families or Unattached People*	460,000	418,000	153,000	333,000	311,000
Number with Earnings of 50 Percent or More of Total Income	228,000	202,000	68,000	185,000	58,000
Percentage with Earnings of 50 Percent or More of Total Income	50 %	48 %	45 %	55 %	19 %
Average Annual Earnings	\$7,384	\$7,774	\$11,273	\$15,149	\$11,651
Average Income from Sources Other than Earnings	\$1,167	\$1,027	\$2,194	\$5,095	\$4,099
Average Total Income	\$8,551	\$8,801	\$13,467	\$20,244	\$15,750
Earnings as a Percentage of Total Income	86 %	88 %	84 %	75 %	74 %

* The table excludes people permanently unable to work.

The lower part of Table 15 shows the average incomes of the low-wage poor and the importance of their earnings. Average earnings for unattached men and women, for example, were the equivalent of 37 to 39 weeks of work at \$5 an hour for 40 hours a week. Average earnings for families were substantially higher, suggesting that family heads either received higher wage rates or had a second wage-earner in the family.

The table also suggests that few low-wage poor families or unattached people relied very much on welfare or unemployment insurance, since the average amounts of income aside from earnings were small. Probably most of the other income came from programs such as the federal GST credit or federal Child Tax Benefit.

Although the figures were limited to poor people with earnings that amounted to at least half of total income, the last row of the table shows that a much larger portion of total income typically came from earnings. Earnings accounted for between 74 percent and 88 percent of total income for the different family types.

Children

Child poverty rates are a reflection of parental poverty rates and tend to rise or fall as economic conditions deteriorate or improve. The most striking difference year after year is the huge gulf between poverty rates for children in two-parent families and rates for children of single-parent mothers. There are also important differences from province to province.

Table 16 gives the 1994 poverty rates and the number of children living in poverty by family type and province. The category poor children in all family types includes a small number of children who do not fall into either of the two main family types listed. The national total of 1,334,000 poor children, for example, included 91,000 poor children under 18 living in less common family circumstances. Some of them lived with single-parent fathers under 65, parents who were 65 or older, or relatives other than parents.

In 1994, 19.1 percent of all Canadian children under 18 were poor. The lowest provincial child poverty rate was 13 percent in Prince Edward Island, and the highest was 23.5 percent in Newfoundland. The national poverty rate for poor children in two-parent families

was 12.1 percent, and provincial rates went from a low of six percent in P.E.I. to a high of 17.9 percent in Newfoundland. The poverty rates for children of single-parent mothers were abysmally high. The national rate was 60.5 percent, and the range was from 56.9 percent in Ontario to 71.5 percent in Manitoba.

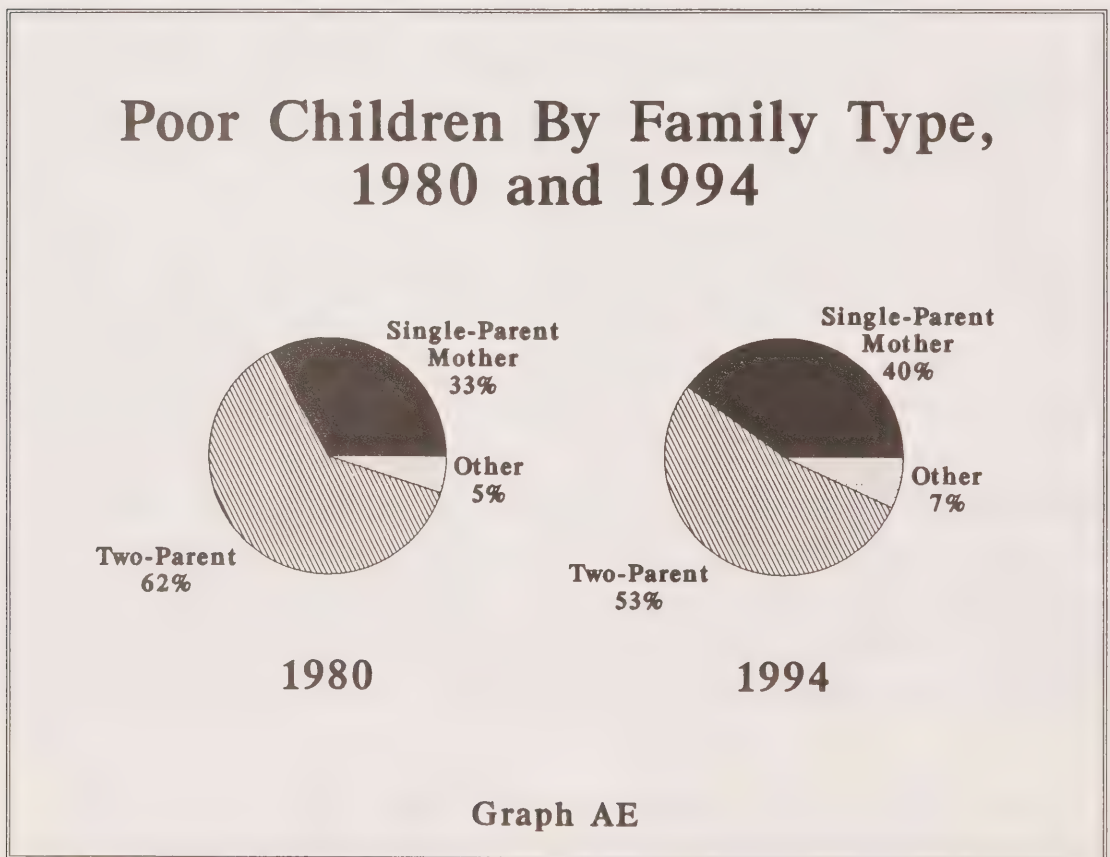
TABLE 16
CHILDREN UNDER 18 LIVING IN POVERTY IN 1994

	Poor Children in All Family Types		Poor Children of Two-Parent Families under 65		Poor Children of Single-Parent Mothers under 65	
	Poverty Rate	Number of Children	Poverty Rate	Number of Children	Poverty Rate	Number of Children
Newfoundland	23.5%	34,000	17.9%	22,000	69.2%	10,000
Prince Edward Island	13.0%	5,000	6.0%	2,000	57.6%	2,000
Nova Scotia	20.2%	44,000	10.9%	20,000	68.1%	22,000
New Brunswick	18.5%	33,000	11.0%	16,000	62.8%	14,000
Quebec	20.1%	338,000	13.4%	190,000	64.2%	132,000
Ontario	17.7%	463,000	11.0%	239,000	56.9%	191,000
Manitoba	21.7%	59,000	13.6%	31,000	71.5%	23,000
Saskatchewan	22.4%	59,000	13.6%	30,000	66.4%	24,000
Alberta	17.4%	125,000	11.5%	69,000	58.6%	49,000
British Columbia	19.9%	170,000	12.2%	85,000	57.7%	72,000
Canada	19.1%	1,334,000	12.1%	703,000	60.5%	539,000

Between 1993 and 1994, poverty rates for all children rose in Newfoundland, Prince Edward Island and New Brunswick, and they fell in the other seven provinces.

One of the long-standing myths about child poverty is that most poor children live in single-parent households. Table 16 shows that this is not the case for Canada as a whole. In 1994, 703,000 poor children lived in two-parent families under 65, while 539,000 poor children lived in single-parent families headed by women under 65. The province that proved to be the exception to the norm was Nova Scotia. Poor children living with single-parent mothers outnumbered poor children in two-parent families 22,000 to 20,000 in Nova Scotia in 1994.

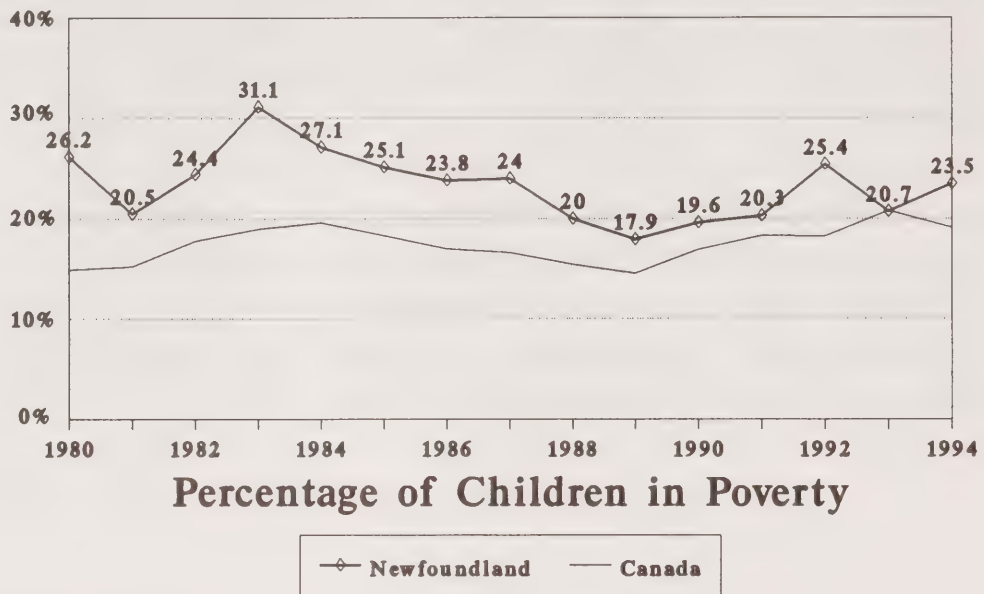
Nonetheless, the proportion of poor children living with single-parent mothers has grown substantially in recent years. As Graph AE shows, 33 percent of all poor children in 1980 lived in families headed by single-parent mothers, and most of the rest lived in two-parent families. In 1994, the percentage of poor children with single-parent mothers was up to 40 percent and the percentage living with both parents was down to 53 percent.



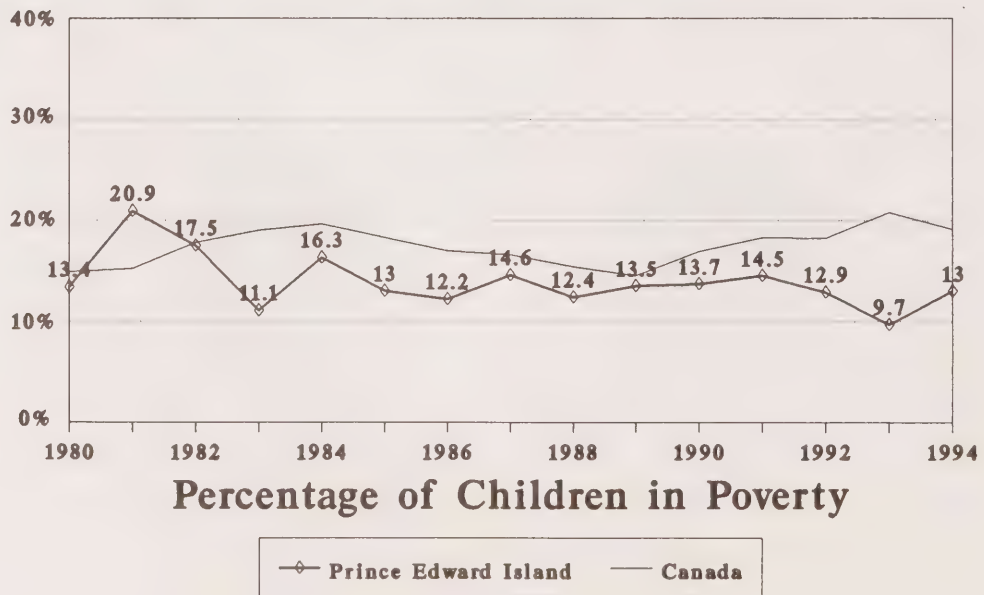
Provincial trends in child poverty are shown in the graphs on the following five pages. Each graph gives overall child poverty rates from 1980 through 1994. For purposes of comparison, each graph also contains a line without percentages that traces the national child poverty rate.

Prince Edward Island and Ontario had child poverty rates that were below average for most of the period. Newfoundland, Quebec, Manitoba and Saskatchewan were generally higher than average. Rates in Nova Scotia and British Columbia were mixed. Rates in New Brunswick fell to below average in 1992. Rates in Alberta rose to higher than average by the late 1980s and hit a modern-day high of 23.3 percent in 1992.

Newfoundland

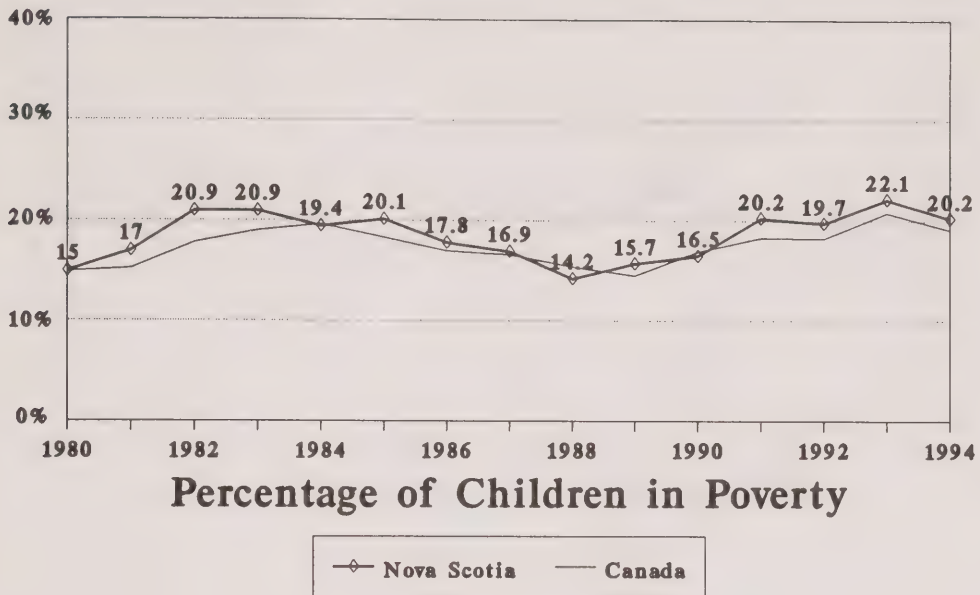


Prince Edward Island

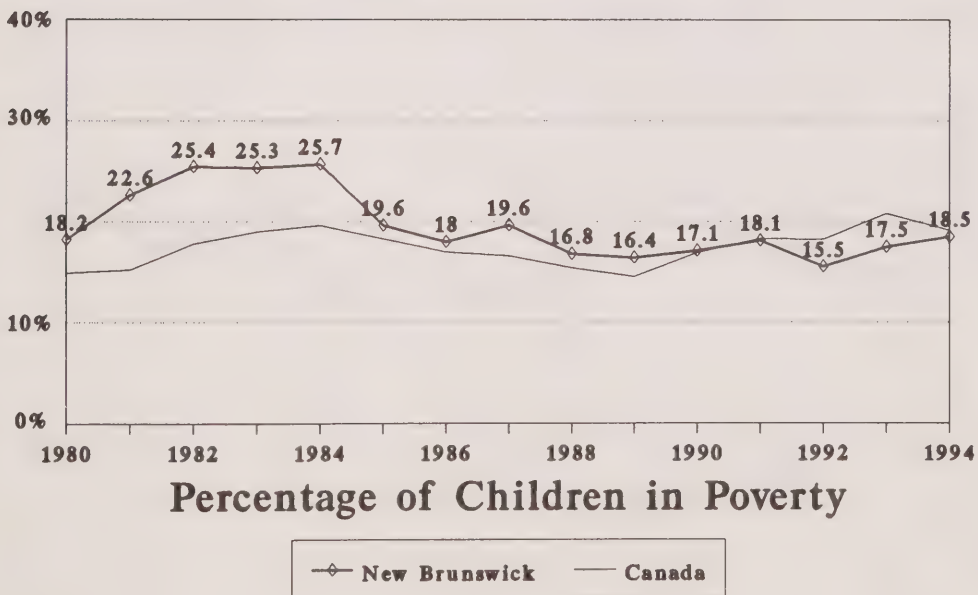


Graph AF

Nova Scotia

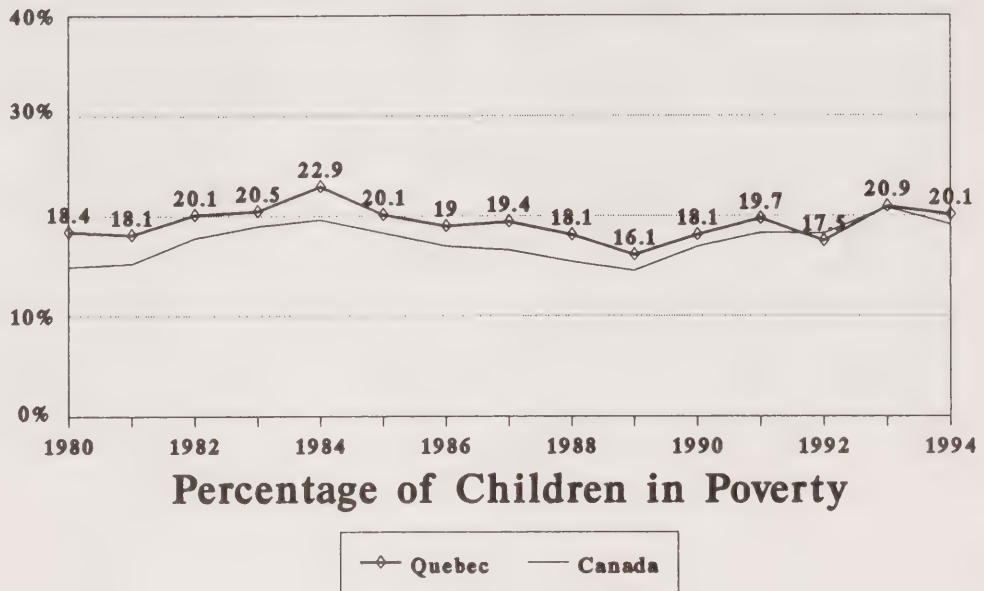


New Brunswick

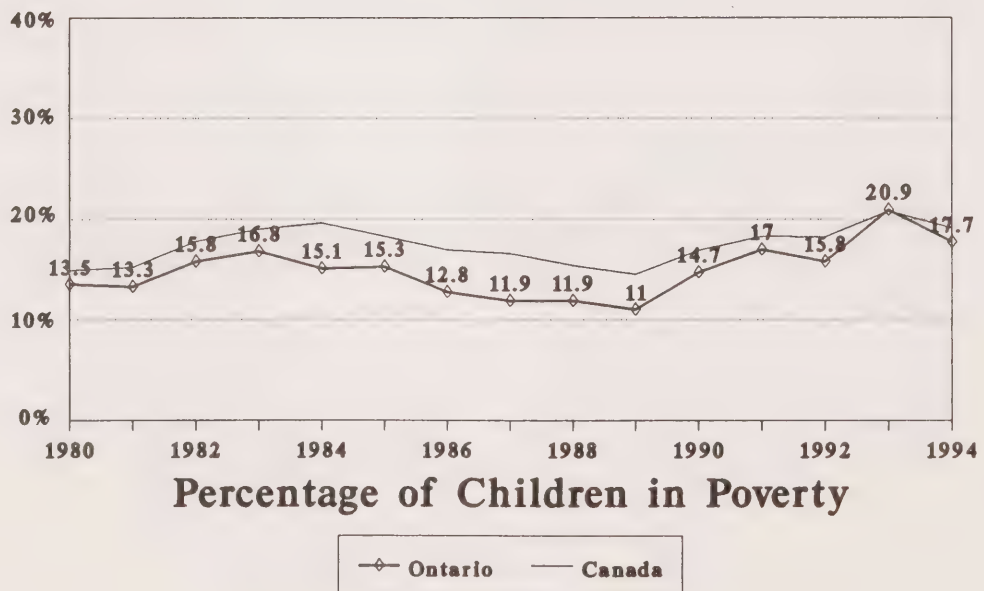


Graph AG

Quebec

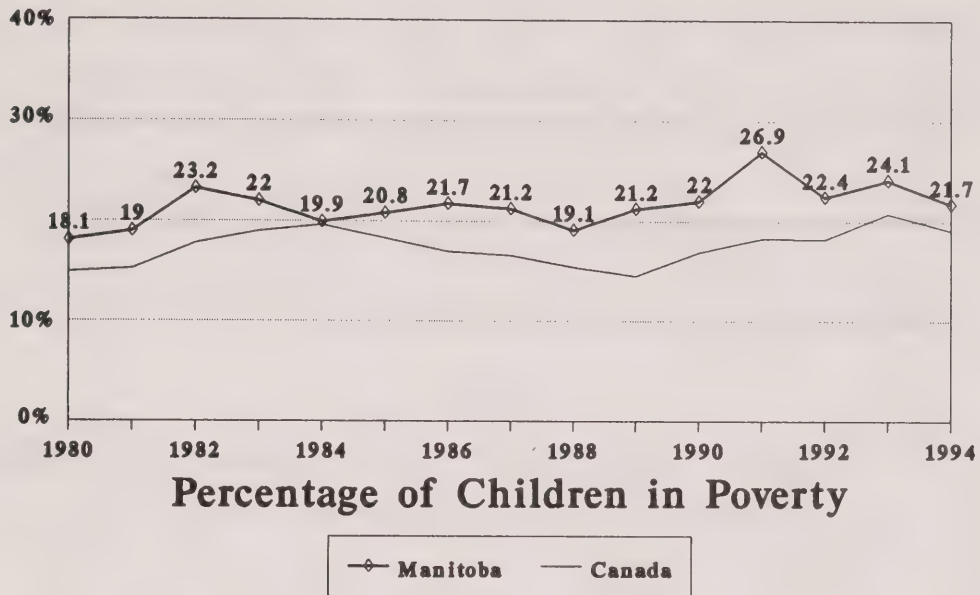


Ontario

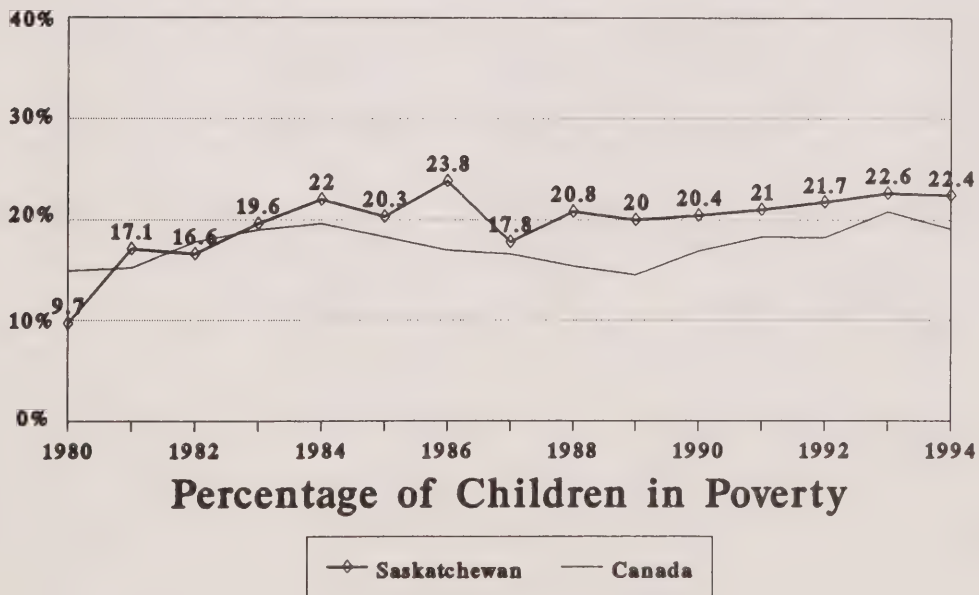


Graph AH

Manitoba

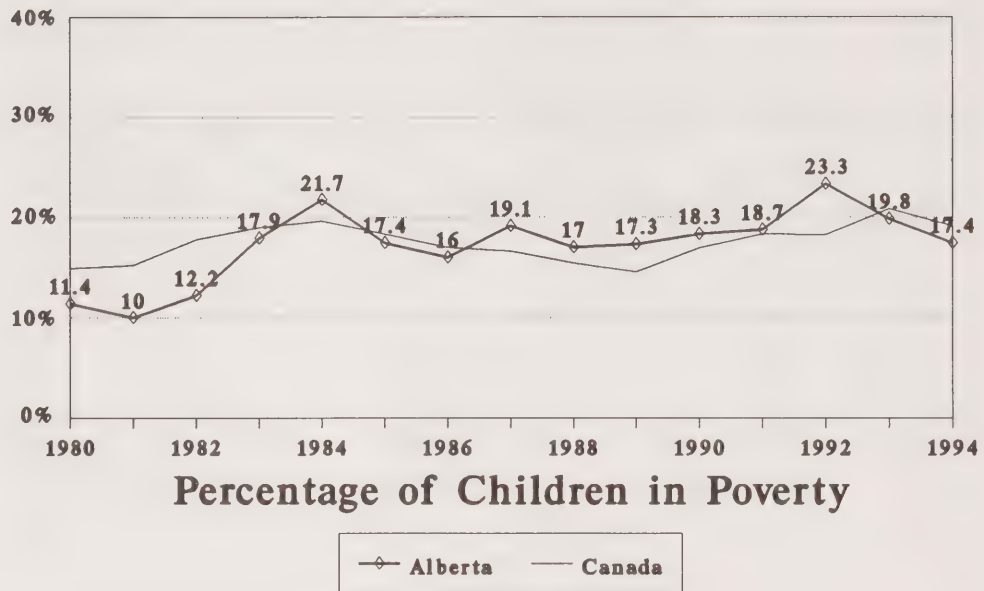


Saskatchewan

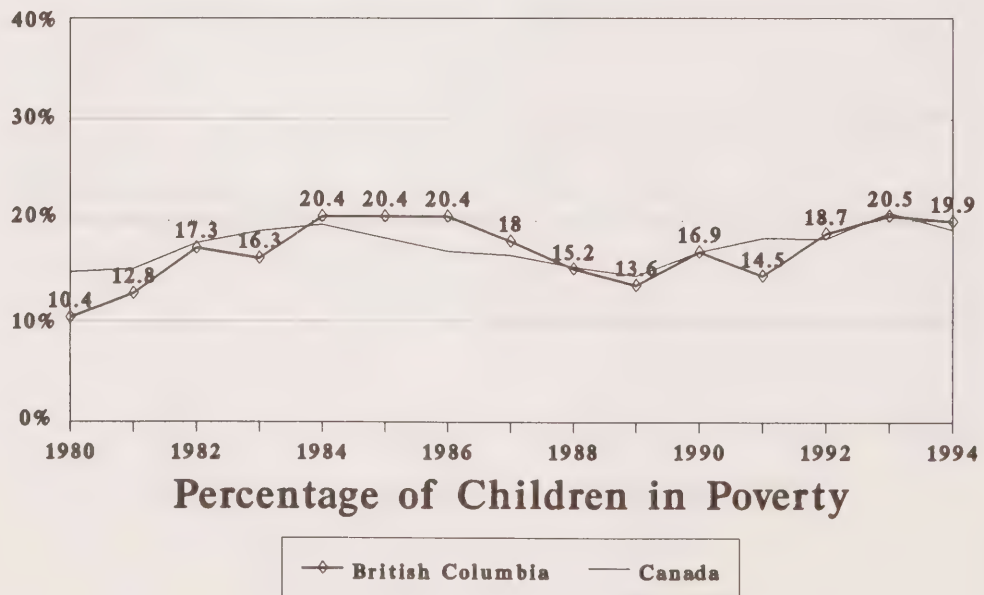


Graph AI

Alberta



British Columbia



Graph AJ

Women

As we showed earlier, women face a significantly higher risk of poverty than men. Table 17 gives the poverty rates for women and men age 18 and older for the years 1980 through 1994, and ratio of female to male rates each year.

TABLE 17

TRENDS IN POVERTY AMONG WOMEN AND MEN 18 AND OLDER

	Women		Men		Ratio of Female to Male Poverty Rates
	Poverty Rate	Number of Poor	Poverty Rate	Number of Poor	
1980	18.0%	1,565,000	12.7%	1,058,000	1.42
1981	17.8%	1,567,000	12.6%	1,063,000	1.40
1982	18.1%	1,624,000	13.6%	1,160,000	1.33
1983	20.1%	1,836,000	15.4%	1,334,000	1.30
1984	19.7%	1,817,000	14.9%	1,304,000	1.31
1985	18.8%	1,754,000	14.0%	1,240,000	1.34
1986	17.7%	1,677,000	13.4%	1,197,000	1.31
1987	17.4%	1,673,000	12.9%	1,176,000	1.34
1988	17.1%	1,664,000	11.7%	1,081,000	1.46
1989	15.5%	1,534,000	10.7%	1,001,000	1.45
1990	16.2%	1,622,000	11.3%	1,079,000	1.43
1991	17.3%	1,767,000	12.7%	1,234,000	1.36
1992	17.4%	1,804,000	13.1%	1,289,000	1.33
1993	18.5%	1,949,000	13.9%	1,398,000	1.33
1994	18.1%	2,011,000	13.4%	1,434,000	1.35

In 1980, the poverty rate for adult women was 18 percent, the rate for adult men was 12.7 percent, and the rate for women was 1.42 times the rate for men. In 1994, the poverty rate for women was 18.1 percent, the rate for men was 13.4 percent and the ratio between the sexes was 1.35.

The year-to-year poverty rates for women and men tend to follow the ups and downs in the economy. The gap between the sexes appears to narrow slightly in tough economic times, but the changes in the ratio are small.

Most of the differences between the sexes can be explained by the high poverty rates of three family types: unattached women under 65, unattached women 65 and older, and single-parent mothers under 65 with children under 18. The 1994 poverty rate for unattached women under 65 was 42.6 percent, compared to 31.7 percent for unattached men under 65. For unattached seniors, the poverty rates were 44.1 percent for women and 25.2 percent for men. Single-parent families led by women with children under 18 had a poverty rate of 57.3 percent in 1994, a rate many times higher than the rates for married couples.

Aside from these three high-risk groups of women, there were no significant differences in the poverty rates for adult women and men. The vast majority of families are husband-wife families, and the poverty rates for husbands and wives are identical in all these cases.

In younger husband-wife families, one fact that deserves special mention is the role women play in keeping their families out of poverty through their earnings. Although women earn less on average than men and face a number of barriers to equal participation in the labour force, their contribution is essential in keeping family poverty rates low.

To get a better idea of the importance of the earnings of married women, we asked Statistics Canada to take its 1994 income data on husband-wife families under age 65, subtract the earnings of the wives, and calculate hypothetical poverty rates for families with the wives' earnings removed. The results appear in Table 18.

The actual 1994 poverty rate for all husband-wife families under age 65 was 9.9 percent, and a total of 569,000 families were living in poverty. With the earnings of wives removed and

everything else remaining the same, the poverty rate would have jumped to 20.5 percent, and the number of families living in poverty would have more than doubled to 1,177,000.

The pattern was more or less the same across the country. If wives had stayed out of the paid labour force in 1994 and everything else had stayed the same, poverty rates and the number of poor families would have been much higher in all provinces.

TABLE 18

**POVERTY RATES FOR HUSBAND-WIFE FAMILIES UNDER AGE 65,
WITH AND WITHOUT THE EARNINGS OF WIVES, 1994**

	Percentage of Families Who Were Poor in 1994	Percentage of Families Who Would Have Been Poor Without the Earnings of Wives
Newfoundland	15.7%	24.7%
Prince Edward Island	4.3%	14.7%
Nova Scotia	10.2%	20.0%
New Brunswick	9.1%	16.7%
Quebec	12.4%	23.9%
Ontario	8.5%	18.8%
Manitoba	9.7%	22.9%
Saskatchewan	10.1%	21.7%
Alberta	9.4%	21.3%
British Columbia	8.6%	17.7%
Canada	9.9%	20.5%

Seniors

Table 19 gives the poverty rates for senior men and women in each province in 1980, 1993 and 1994, the changes between 1980 and 1994, and the changes between 1993 and 1994. Over the years, the poverty rates for seniors have fallen dramatically, and many of the figures for 1994 were record lows or near-record lows.

Between 1993 and 1994, poverty rates for seniors were down in all provinces for men and down in seven provinces for women. The only increases were among senior women in Newfoundland, Manitoba and British Columbia.

As in past years, the poverty rates among Quebec women and men 65 and older were strikingly higher than the rates in most other provinces. The main reason for the disparity seems to be that Quebec is the only large province that does not have a provincial income supplement for low-income seniors.

TABLE 19

POVERTY RATES FOR MEN AND WOMEN 65 AND OLDER BY PROVINCE

	Men					Women				
	1980	1993	1994	% Change 1980-1994	% Change 1993-1994	1980	1993	1994	% Change 1980-1994	% Change 1993-1994
Newfoundland	27.6	13.1	5.7	-79%	-56%	36.9	17.6	19.5	-47%	+11%
Prince Edward Island	33.7	5.8	4.4	-87%	-24%	52.7	12.6	11.1	-79%	-12%
Nova Scotia	22.8	8.4	7.8	-66%	-7%	31.5	21.1	12.2	-61%	-42%
New Brunswick	22.1	8.3	8.1	-63%	-2%	34.2	22.0	17.3	-49%	-21%
Quebec	33.7	21.4	17.9	-47%	-16%	46.2	34.2	30.9	-33%	-10%
Ontario	24.0	12.9	6.6	-73%	-49%	34.3	22.3	18.2	-47%	-18%
Manitoba	23.8	12.6	10.3	-57%	-18%	41.2	24.9	28.8	-30%	+16%
Saskatchewan	28.1	8.1	5.6	-80%	-31%	49.0	15.7	13.5	-72%	-14%
Alberta	25.2	13.7	10.9	-57%	-20%	38.8	22.6	19.4	-50%	-14%
British Columbia	29.6	12.7	9.0	-70%	-29%	32.7	23.6	26.4	-19%	+12%
Canada	27.3	14.4	10.1	-63%	-30%	38.4	25.1	22.6	-41%	-10%

CONCLUSION

The National Council of Welfare hopes that the U.N. International Year for the Eradication of Poverty in 1996 will be a spur to efforts at combatting poverty in Canada and around the world. Obviously, we do not expect poverty in Canada to be wiped out in a single year, but we know it would be possible to make dramatic reductions in poverty within a very few years.

For this to happen, governments at all levels will have to change their priorities and their attitudes toward poor people. We believe four approaches in particular would greatly assist Canada in mounting - and winning - a war on poverty.

Governments should make a special effort to promote realistic portraits of poor people. A faltering economy and family breakups have added greatly to the ranks of the poor in recent years. In this context, it is wrong to condone false and degrading stereotypes of poor people.

Governments should look to tax expenditures rather than cuts in social programs as the prime means for reducing their deficits. Governments should commit themselves to fair taxation based on ability to pay. Among other things, that means closing billions of dollars of tax expenditures or "loopholes" that are used primarily by rich Canadians and profitable corporations. At the same time, governments should stop cutting social programs that provide help to the least fortunate members of our society. It is unfair to ask poor people to "pay their share" of the cost of deficit reduction.

Governments should agree to work collectively to fight poverty. All governments have an interest in promoting the well-being of Canadians. It therefore makes sense for them to work together rather than passing on their own financial problems to other governments. From the early 1980s, the federal government started putting the squeeze on provincial and territorial governments with a series of unilateral cuts in federal financial support for cost-shared programs. Many provinces and territories started treating municipalities the same way by cutting funds to local governments, school districts and hospitals.

Governments should add fighting poverty to their list of immediate economic priorities.

Given the resources available to governments, there is no reason that fighting poverty should have to wait while governments grapple with reducing the deficit, lowering interest rates or creating jobs. The reality is that poor people cannot wait five, ten or twenty years for their concerns to be addressed. They have to put bread on the table today.

As we talk about fighting poverty in the future, it is worth recalling the success of an earlier fight against poverty among senior citizens that reached its peak in the 1960s. Poverty among the elderly has not yet disappeared, but poverty rates and the number of poor seniors have plummeted within the last generation because of programs such as the federal Old Age Security pension and Guaranteed Income Supplement and the Canada and Quebec Pension Plans.

The lessons of the past are encouraging and sobering at the same time. They suggest that the approaches used with success among seniors in the 1960s can be adapted to the present to fight poverty among children or single-parent families or any other group of disadvantaged Canadians. The past also reminds us that fighting poverty cannot be a passing fancy. It will take a continuing commitment by governments to see that initiatives undertaken in the 1990s bear full fruit in years to come.

FOOTNOTES

1. See the Economic Council of Canada publication The New Face of Poverty: Income Security Needs of Canadian Families.
2. The methodology used to set the 1992 base low income cut-offs is the same. However, the survey data estimated average expenditures on food, shelter and clothing at 34.7 percent of total income, so it was assumed that low-income people would spend 54.7 percent or more of their incomes on necessities.
3. Information for Graph A comes from Statistics Canada, Chapter 2 of The Canadian Fact Book on Poverty - 1994 by David P. Ross, E. Richard Shillington and Clarence Lochhead published by the Canadian Council on Social Development, and "Poverty in Canada-1994" written by Christopher A. Sarlo and published in 1994 as a supplement to the Fraser Institute's Fraser Forum.

Some of the poverty lines were originally calculated for earlier years and were updated to 1994 by the CCSD or the National Council of Welfare.

4. The income ranges were taken from Table 5 of Welfare Incomes 1994. They are made up of provincial welfare and other provincial benefits.
5. Payments in Alberta varied with the age of the child, and payments in Quebec varied with the age of the child and the number of children in a family.
6. For a very strict definition of the term, see The Canadian Fact Book on Poverty - 1994, p. 75. For a very loose definition, see the study commissioned by the Canadian Advisory Council on the Status of Women entitled Women and Labour Market Poverty by Morley Gunderson and Leon Muszynski with Jennifer Keck, pp. 57-61.

APPENDIX A

STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1995

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	15,819	13,895	13,574	12,374	10,769
2	21,442	18,835	18,399	16,771	14,600
3	27,256	23,941	23,387	21,318	18,556
4	31,383	27,561	26,927	24,547	21,364
5	34,287	30,114	29,419	26,818	23,343
6	37,219	32,686	31,932	29,109	25,337
7+	40,029	35,159	34,347	31,311	27,252

NATIONAL COUNCIL OF WELFARE ESTIMATES OF STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1996*

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	16,175	14,208	13,879	12,652	11,011
2	21,924	19,259	18,813	17,148	14,929
3	27,869	24,480	23,913	21,798	18,974
4	32,089	28,181	27,533	25,099	21,845
5	35,058	30,792	30,081	27,421	23,868
6	38,056	33,421	32,650	29,764	25,907
7+	40,930	35,950	35,120	32,015	27,865

* based on estimate of 2.25 percent inflation in 1996

APPENDIX B

REGIONAL POVERTY STATISTICS, 1994

	Atlantic		Quebec		Ontario		West	
	Number of Poor	Poverty Rate	Number of Poor	Poverty Rate	Number of Poor	Poverty Rate	Number of Poor	Poverty Rate
Single-Parent Mothers under 65 With Children under 18	30,000	62.2%	84,000	60.5%	111,000	53.9%	92,000	57.2%
Unattached Women under 65	33,000	47.5%	153,000	48.3%	150,000	38.8%	148,000	40.8%
Unattached Men under 65	34,000	35.7%	173,000	39.2%	149,000	26.0%	169,000	31.0%
Unattached Women 65 and Older	19,000	32.3%	111,000	56.9%	108,000	37.8%	106,000	44.0%
Unattached Men 65 and Older	5,000	20.1%	26,000	39.9%	14,000	15.5%	22,000	25.6%
Couples under 65 With Children under 18	32,000	11.8%	102,000	13.0%	115,000	10.0%	100,000	11.2%
Childless Couples under 65	17,000	11.8%	65,000	13.4%	57,000	8.3%	42,000	7.5%
Couples 65 and Older	3,000	4.2%	27,000	13.1%	18,000	5.3%	13,000	4.6%

APPENDIX B (CONTINUED)								
DEPTH OF POVERTY IN DOLLARS BELOW POVERTY LINE AND PERCENTAGE OF POVERTY LINE, 1994								
	Atlantic		Quebec		Ontario		West	
	Dollar Gap	% of Line	Dollar Gap	% of Line	Dollar Gap	% of Line	Dollar Gap	% of Line
Single-Parent Mothers under 65 With Children under 18	\$7,417	61.0%	\$8,787	61.3%	\$7,927	66.0%	\$9,411	59.3%
Unattached Women under 65	\$5,668	54.4%	\$6,040	57.7%	\$5,763	59.6%	\$6,084	57.6%
Unattached Men under 65	\$5,232	54.3%	\$6,215	53.9%	\$5,857	58.9%	\$5,756	55.6%
Unattached Women 65 and Older	\$1,639	86.9%	\$2,781	81.2%	\$2,014	86.5%	\$2,278	84.3%
Unattached Men 65 and Older	sample sizes too small							
Couples under 65 With Children under 18	\$6,983	70.6%	\$8,182	70.7%	\$8,214	64.4%	\$8,599	65.1%
Childless Couples under 65	\$5,249	65.7%	\$5,657	69.6%	\$6,128	66.9%	\$6,656	61.9%
Couples 65 and Older	sample sizes too small							

[illegible]

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The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

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Poverty Profile 1995

A Report by the
National Council of Welfare

Spring 1997

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Paragraph 2 on the first page of the Summary should read as follows:

Particularly disturbing were higher poverty rates for families headed by people under age 65. The poverty rate for all non-elderly families in 1995 was up to 15.5 percent. The rate for married couples under 65 with children under 18 rose to 12.6 percent, and the rate for couples without children under 18 went up to 10.4 percent. Meanwhile, the rate for the other main group of non-elderly families, single-parent mothers under 65 with children under 18, was down 1/10 of a percentage point, but remained at an unacceptably high level of 57.2 percent.

Paragraph 3 on page two should read as follows:

The plight of unattached people under the age of 25 was much worse. Their poverty rate in 1995 was 64.1 percent.

POVERTY PROFILE 1995

**A Report by the
National Council of Welfare**

Spring 1997

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TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
I. METHODOLOGY AND DEFINITIONS	4
II. RECENT POVERTY TRENDS	9
Poverty Trends for Individual Canadians	9
Poverty Trends for Families and Unattached Individuals	14
III. VIEW FROM THE PROVINCES	20
IV. SNAPSHOTS OF POVERTY IN 1995	32
Family Type	32
Additional Differences by Age, Sex and Family Type	34
Work Activity	37
Number and Age of Children	40
Education	42
Homeowners and Renters	46
Year of Immigration	48
Area of Residence	49
V. DEPTH OF POVERTY AND THE POVERTY GAP	51
VI. POOR CANADIANS AND THEIR SOURCES OF INCOME	60
Senior Couples and Unattached Individuals	63
Families and Unattached Individuals under 65	65
VII. A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST	72
The Low-Wage Poor	72
Children	75
Women	84
Seniors	87
CONCLUSION	89
FOOTNOTES	91
APPENDIX A: POVERTY LINES FOR 1996 AND 1997	92
APPENDIX B: REGIONAL POVERTY STATISTICS, 1995	93

SUMMARY

The poverty statistics for 1995 turned out to be shockingly high. Increases in poverty among families pushed the overall poverty rate to 17.4 percent and the number of poor Canadians to a 16-year high of nearly 5.1 million. The number of poor Canadians was higher in 1995 than it was during the depths of the last two recessions.

Particularly disturbing were higher poverty rates for families headed by people under age 65. The poverty rate for all non-elderly families in 1995 was up to 15.5 percent. The rate for married couples under 65 with children under 18 rose to 10.4 percent, and the rate for couples without children under 18 went up to 12.6 percent. Meanwhile, the rate for the other main group of non-elderly families, single-parent mothers under 65 with children under 18, was down 1/10 of a percentage point, but remained at an unacceptably high level of 57.2 percent.

Rising poverty rates among families meant rising poverty rates for children. The child poverty rate in 1995 rose to 20.5 percent, and the number of poor children jumped to a 16-year high of more than 1.4 million.

In releasing the latest figures, Statistics Canada noted that the incomes of Canadians in general had stalled in 1995 due to little growth in employment and a dip in average weekly earnings after inflation. The Bureau also noted that cash transfers to Canadians were down in 1995 as a result of deficit reduction measures imposed by the federal, provincial and territorial governments.¹

One of the few encouraging changes in the 1995 poverty statistics was a continuing decline in poverty among seniors. The poverty rate for all Canadians 65 and older dropped to an all-time low of 16.9 percent, and the number of poor seniors stood at 572,000.

Poverty Profile 1995 is the latest in a series of annual reports by the National Council of Welfare based on factual material collected by Statistics Canada. It includes numerous statistics for 1995 and poverty trends dating back to 1980.

As in previous years, families headed by single-parent mothers and "unattached" people or people living outside families were among the groups of Canadians most likely to be poor.

Single-parent mothers had poverty rates many times higher than husband-wife families. The poverty rate for all single-parent mothers under 65 with children under 18 was 57.2 percent in 1995. Single-parent mothers under age 25 had a poverty rate of 83 percent. Single-parent mothers who did not graduate from high school had a rate of 82.4 percent. And single-parent mothers with children under seven had rates as high as 82.8 percent.

Unattached women and men 65 and older had record low poverty rates in 1995, but they still were several times higher than the poverty rate of 7.5 percent for elderly married couples. The rate for unattached elderly women was 43.4 percent, and the comparable rate for men was 21.3 percent.

The plight of unattached people under the age of 25 was much worse. Their poverty rate in 1995 was 64.7 percent.

When we look at the actual dollars and cents that poor people had to live on, the picture is just as dismal. A total of 226,000 families and 392,000 unattached people had incomes in 1995 that amounted to less than half the poverty line.

Despite these grim realities, winning the war on poverty is not an unrealistic goal. Statistics Canada estimates that the cost of bringing all poor people out of poverty in 1995 would have been \$16.3 billion. That's a huge, but not outrageous amount of money in a country where the federal, provincial and territorial governments spent \$339 billion in 1995 and where the value of all the goods and services produced was \$776 billion.

Better job opportunities, better income support programs and better pension programs all would help close the poverty gap.

Poverty Profile 1995 is an analysis of the facts rather than a plan for eliminating poverty, and it contains no specific recommendations as such. Over the years, the National Council of Welfare has published many other reports full of proposals for combatting poverty. Among them are A Blueprint for Social Security Reform, Fighting Child Poverty, Women and Poverty Revisited, Welfare in Canada: The Tangled Safety Net and Improving the Canada Pension Plan.

Finally, the data on poverty gathered by Statistics Canada provide a snapshot of poverty for one year only. They do not tell us how many people who were poor in 1995 were poor in previous years or how long they were likely to remain poor. There is relatively little reliable information on the duration of poverty in Canada, but a 1992 study by the Economic Council of Canada estimated that as many as one of every three Canadians will be poor sometime during their working lives.²

Despite these limitations, the National Council of Welfare believes that Poverty Profile 1995 will shed some light on a subject that is much discussed and little understood. Myths and stereotypes about poverty and poor people are deeply rooted in our society. It is our hope that this report will help dispel these misconceptions and promote a better understanding of the millions of people who do not share the great bounty that Canada has to offer.

I. METHODOLOGY AND DEFINITIONS

Every year, Statistics Canada conducts a household survey known as the Survey of Consumer Finances to obtain information on the distribution of income and the nature and extent of poverty in Canada. The survey on which this report is based, conducted in April of 1996, sampled 32,785 private households from all parts of the country except for Yukon, the Northwest Territories, Indian reserves, and institutions such as prisons, mental hospitals, and homes for the elderly. The survey looked at incomes for the 1995 calendar year.

The results were published by Statistics Canada under the title Income Distributions by Size in Canada, 1995. Statistics Canada also provided previously unpublished data to the National Council of Welfare. We are grateful for the assistance provided by officials of the Bureau, especially Kevin Bishop and Edith Lamoureux of the Income and Housing Surveys Section. The analysis and interpretation of the data, however, is the responsibility of the National Council of Welfare, not Statistics Canada.

Information about poverty is obtained by comparing the survey data with the low income cut-offs of Statistics Canada. The cut-offs represent levels of gross income where people spend disproportionate amounts of money for food, shelter and clothing. The Bureau has decided over the years - somewhat arbitrarily - that 20 percentage points is a reasonable measure of the additional burden. The average Canadian family spent 36.2 percent of gross income on food, shelter and clothing according to 1986 data on spending patterns, so it was assumed that low-income Canadians spent 56.2 percent or more on the necessities of life.

The low income cut-offs vary by the size of the family unit and the population of the area of residence. There are seven categories of family size, from one person to seven or more persons, and five community sizes ranging from rural areas to cities with 500,000 or more residents. The result is a set of 35 cut-offs. The cut-offs are updated annually by Statistics Canada using the Consumer Price Index.

The cut-offs used in this report for the year 1995 are technically known as 1986 base cut-offs, because of the year in which spending on food, shelter and clothing was surveyed. The

entire set of 35 cut-offs for 1995 appears below as Table 1. Comparable cut-offs for 1996 and the National Council of Welfare's estimates of the cut-offs for 1997 appear in Appendix A.

<p>TABLE 1</p> <p>STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1995</p>					
Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	15,819	13,895	13,574	12,374	10,769
2	21,442	18,835	18,399	16,771	14,600
3	27,256	23,941	23,387	21,318	18,556
4	31,383	27,561	26,927	24,547	21,364
5	34,287	30,114	29,419	26,818	23,343
6	37,219	32,686	31,932	29,109	25,337
7+	40,029	35,159	34,347	31,311	27,252

Over the years, Statistics Canada has published several other sets of low income cut-offs, and the Bureau started using 1992 base cut-offs as its preferred measure in Income Distributions by Size in Canada, 1992. Readers are cautioned that the poverty statistics in this report using the 1986 base cut-offs differ slightly from reports using the 1992 base cut-offs.³

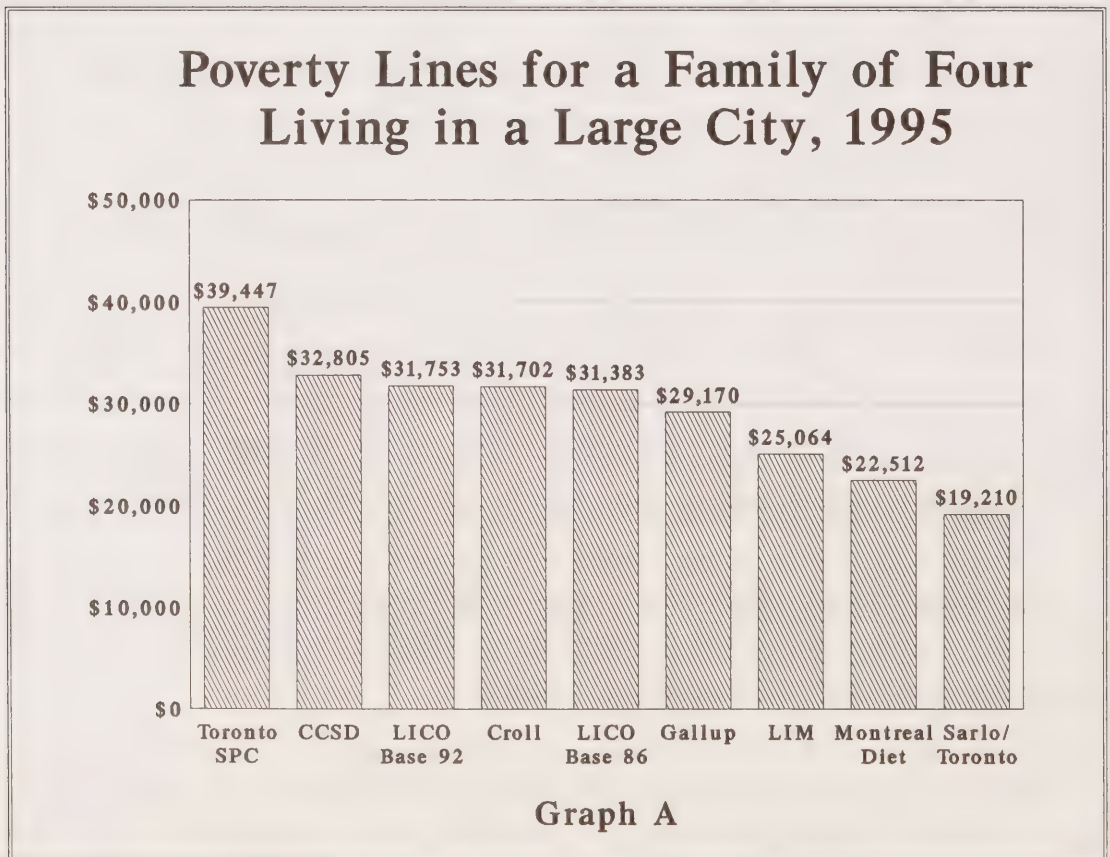
For the time being, the National Council of Welfare plans to continue using the 1986 base cut-offs. Other recent reports published by the Council use the 1986 base cut-offs, and a switch in base years could be confusing to readers.

The National Council of Welfare, like many other social policy groups, regards the low income cut-offs as poverty lines and uses the term poor and low-income interchangeably.

Statistics Canada takes pains to avoid references to poverty. It says the cut-offs have no official status, and it does not promote their use as poverty lines.

Regardless of the terminology, the cut-offs are a useful tool for defining and analyzing the significantly large portion of the Canadian population with low incomes. They are not the only measures of poverty used in Canada, but they are the most widely accepted and are roughly comparable to most alternative measures.

Graph A shows the 1986 base and 1992 base low income cut-offs or LICOs of Statistics Canada along with seven other poverty lines sometimes seen in published reports.⁴ Most of the lines fall in a middle range from \$29,170 to \$32,805 for a family of four living in a large city in 1995. One line is substantially higher than the rest, and three are substantially lower.



Toronto SPC, the description of the first bar of Graph A, refers to the budget guides of the Metropolitan Toronto Social Planning Council updated to the year 1995. CCSD refers to the Canadian Council on Social Development's income guidelines, which are based on one-half of average family income and do not vary from one area of the country to another. The calculation for the bar labelled Croll uses the methodology first proposed in 1971 by a special Senate committee on poverty headed by Senator David Croll. The Gallup bar is an update of responses to a public opinion poll that asked: "What is the minimum weekly amount of income required for a family of four, consisting of two adults and two children?" LIM means the low income measures of Statistics Canada, an alternative measure based on one-half of median family income with no geographic variations. Montreal Diet refers to the income needed for a minimum adequate standard of living for a two-earner couple with a 15-year-old son and a ten-year-old daughter in Montreal as calculated by the Montreal Diet Dispensary. The group also has basic needs guidelines strictly intended for short-term assistance that are somewhat lower. Sarlo/Toronto is the poverty line for Toronto calculated for 1994 by Christopher A. Sarlo and updated to 1995 by the National Council of Welfare. Professor Sarlo also has "social comfort lines" that are twice as high as his poverty lines.

Poverty statistics are often broken down according to families and unattached individuals. The survey which gathered the data defined a family as a group of individuals sharing a common dwelling unit and related by blood, marriage or adoption. The definition includes couples living in common-law relationships. Most of the data in this report is expressed in terms of families rather than the number of people in family units. Unattached individuals are defined as people living alone or in households where they are not related to other household members.

A poor or low-income family has an income below the poverty line, while a "non-poor" family has an income above the poverty line. The same applies for unattached individuals.

Poverty rates compare the number of poor persons, families or unattached individuals in a particular category to all the persons, families or unattached individuals in the same category. For example, there were an estimated 323,000 poor families with children under 18 headed by a female single parent under age 65 in 1995. The estimated total number of families with children under 18 headed by a female single parent under 65 was 565,000. The poverty rate was 323,000 divided by 565,000 or 57.2 percent.

Sometimes, the terms incidence of poverty or risk of poverty are used instead of the poverty rate. The meaning of all three terms is the same.

Income refers to money income reported by all family members 15 years or older and includes gross wages and salaries, net income from self-employment, investment income, government transfer payments (for example, the federal Child Tax Benefit, Old Age Security, and provincial tax credits), pensions, and miscellaneous income (scholarships and child support payments, for example). The definition of income excludes gambling wins or losses, capital gains or losses, receipts from the sale of property or personal belongings, income tax refunds, loans received or repaid, lump sum settlements of insurance policies, and income in kind.

Some sections of this report refer to earnings rather than income. Earnings means gross wages and salaries and net income from self-employment.

Statistics Canada revised its low income data for the period 1980 through 1993 in the 1994 version of Income Distributions by Size in Canada. The revisions included shifting population estimates to the 1991 census base, adjusting the estimates to correct undercoverage, and including non-permanent residents physically present in Canada in surveys by the Bureau.

The National Council of Welfare decided to continue using the data for earlier years as originally published. The revisions have very little effect on rates of poverty, but they tend to add slightly to the number of people living in poverty.

II. RECENT POVERTY TRENDS

The National Council of Welfare was expecting to see a slight decrease in the overall poverty rate between 1994 and 1995. The Canadian economy continued to grow modestly as the recession of 1990-1991 faded into the past. Unemployment remained relatively high, but dropped slightly from one year to the next. The most draconian of the cuts in federal transfer payments to the provinces and territories were not scheduled to hit until later years.

All things considered, it seemed reasonable to assume that 1995 would be a better year than 1994.

The actual 1995 poverty statistics came as a shock. The poverty rate for all persons rose to 17.4 percent. The child poverty rate jumped to 20.5 percent, and the poverty rate for adults 18 to 65 was up to 16.2 percent. Seniors were the main group bucking the trend, as the poverty rate for people 65 and older fell to an all-time low of 16.9 percent.

This chapter shows major national trends in poverty from 1980 through 1995 using two types of measures. One looks at Canadians as individual people, the other as members of families or as unattached people living outside families.

Poverty Trends for Individual Canadians

One type of poverty statistics published by Statistics Canada gives the number of poor people and the poverty rates for people as individuals, as in Table 2 on the next page. In 1980, the number of people living in poverty was just over 3.6 million and the poverty rate was 15.3 percent. Both the number of poor people and the poverty rate rose following the recession of 1981-1982, declined slowly through 1989, and rose again with the recession of 1990-1991. Instead of improving after the recession ended, however, they continued their upward trend.

By 1995, the number of poor people was nearly 5.1 million and the poverty rate was 17.4 percent. Both those figures were well above the figures for the years just prior to the last

recession. Bluntly put, the modest economic growth of the last several years was simply not filtering down to the ranks of the poor.

TABLE 2
POVERTY TRENDS, ALL PERSONS

	Number of Persons Living in Poverty	Poverty Rate
1980	3,624,000	15.3%
1981	3,643,000	15.3%
1982	3,951,000	16.4%
1983	4,406,000	18.2%
1984	4,397,000	18.1%
1985	4,170,000	17.0%
1986	3,976,000	16.0%
1987	3,912,000	15.6%
1988	3,744,000	14.8%
1989	3,487,000	13.6%
1990	3,821,000	14.6%
1991	4,227,000	16.0%
1992	4,320,000	16.1%
1993	4,775,000	17.4%
1994	4,795,000	16.6%
1995	5,070,000	17.4%

Similar trends were evident in the child poverty statistics shown in Table 3. Child poverty rates and the number of poor children peaked in 1984 following the recession of 1980-1981 and declined through the rest of the decade. Following the recession of 1990-1991, the trend appeared to be strongly upward. In 1995, the number of poor children was at a 16-year high of more than 1.4 million and the poverty rate was 20.5 percent, the second highest in 16 years.

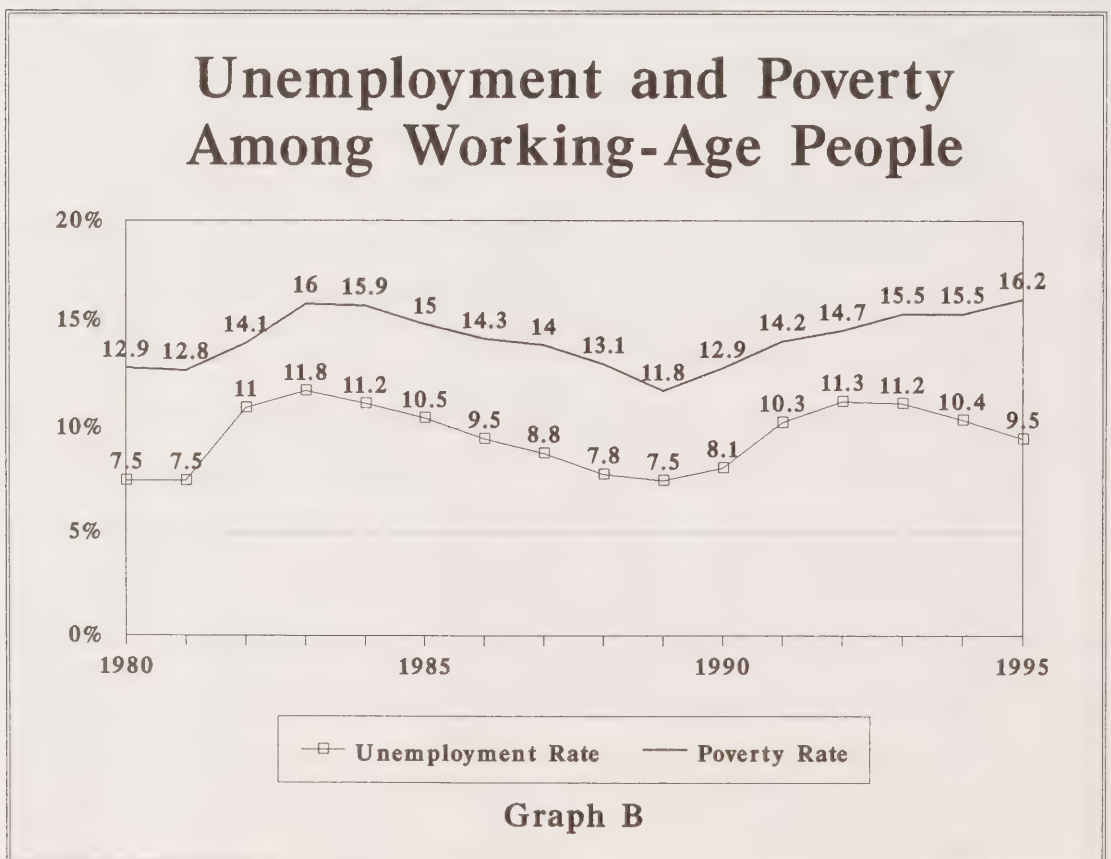
TABLE 3
POVERTY TRENDS, CHILDREN UNDER 18

	Number of Children Under 18 Living in Poverty	Poverty Rate
1980	984,000	14.9%
1981	998,000	15.2%
1982	1,155,000	17.8%
1983	1,221,000	19.0%
1984	1,253,000	19.6%
1985	1,165,000	18.3%
1986	1,086,000	17.0%
1987	1,057,000	16.6%
1988	987,000	15.4%
1989	934,000	14.5%
1990	1,105,000	16.9%
1991	1,210,000	18.3%
1992	1,218,000	18.2%
1993	1,415,000	20.8%
1994	1,334,000	19.1%
1995	1,441,000	20.5%

Additional information on child poverty by family type and provincial child poverty statistics appear later in this report.

Children are poor because their parents are poor, and one of the main reasons for poverty among parents is a lack of good jobs. It should come as no surprise that the poverty rates for adults under age 65 tend to move up and down in line with changes in the unemployment rate.

Graph B plots the average annual unemployment rate for people 15 and older against the poverty rate for people ages 18 to 65, the group most likely to be in the labour force. In 1995, the unemployment rate was 9.5 percent and the poverty rate was 16.2 percent. Since 1980, the poverty rate for people 18 to 65 has normally been three to five percentage points higher than the unemployment rate. The gap in 1995 was 6.7 percentage points, the highest in 16 years.



One group that is largely immune from high unemployment rates is seniors, because most of them are not in the labour force. The poverty rates for people 65 and older are more a reflection of the health of public and private pension programs than the health of the economy.

TABLE 4
POVERTY TRENDS, PEOPLE 65 AND OLDER

	Number of Seniors Living in Poverty	Poverty Rate
1980	731,000	33.6%
1981	733,000	33.0%
1982	648,000	28.5%
1983	719,000	30.9%
1984	669,000	27.9%
1985	669,000	27.0%
1986	637,000	24.9%
1987	627,000	23.8%
1988	634,000	23.4%
1989	599,000	21.4%
1990	554,000	19.3%
1991	590,000	20.0%
1992	564,000	18.6%
1993	636,000	20.5%
1994	567,000	17.2%
1995	572,000	16.9%

Pensions have improved tremendously during the last generation, and this is reflected in poverty rates and numbers for the elderly that have fallen more or less steadily since the first poverty statistics were published in Canada in 1969.

Table 4 shows this long-term decline in poverty. There were occasional increases in poverty from one year to the next, but the overall trend was sharply downward. The number of poor seniors dropped from 731,000 in 1980 to 572,000 in 1995, and the poverty rate plummeted from 33.6 percent in 1980 to a record low of 16.9 percent in 1995.

Poverty Trends for Families and Unattached Individuals

While the poverty statistics for all persons give a good overview of poverty, it is often more revealing to look at poor people in terms of families or unattached individuals, as in Table 5 on the next page. Throughout most of the period 1980 to 1995, the poverty rates for unattached people were roughly three times higher than the rates for families. In 1995, however, the poverty rate for unattached individuals was 36.1 percent and the rate for families was 14.4 percent for a ratio of 2½ times to one.

One reason that families have poverty rates that are consistently much lower than unattached individuals is they often have a second family member in the labour force. The percentage of younger married couples with both spouses in the work force has grown dramatically during the last generation, and two-earner couples now far outnumber one-earner couples. Many older families are couples where both spouses had careers outside the home and where both get pension benefits aside from the federal government's Old Age Security pension.

TABLE 5

POVERTY TRENDS, FAMILIES AND UNATTACHED INDIVIDUALS

	Families		Unattached Individuals	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate
1980	830,000	13.2%	1,013,000	41.4%
1981	832,000	13.0%	1,010,000	40.3%
1982	905,000	14.0%	1,034,000	40.2%
1983	1,007,000	15.3%	1,183,000	44.9%
1984	1,032,000	15.6%	1,118,000	41.3%
1985	963,000	14.3%	1,136,000	40.8%
1986	924,000	13.6%	1,112,000	38.3%
1987	895,000	13.1%	1,137,000	37.5%
1988	851,000	12.2%	1,172,000	37.7%
1989	786,000	11.1%	1,100,000	34.4%
1990	874,000	12.1%	1,123,000	34.1%
1991	949,000	13.1%	1,258,000	36.5%
1992	991,000	13.3%	1,247,000	36.2%
1993	1,116,000	14.8%	1,306,000	37.1%
1994	1,108,000	13.7%	1,421,000	37.0%
1995	1,187,000	14.4%	1,399,000	36.1%

An even better view of poverty comes by breaking down families and unattached individuals into their major subcategories - which we call family types for want of a better term. The four subcategories of families are: married couples where the head of the family is 65 or older; married couples under 65 with children under 18; married couples under 65 without

children under 18; and single-parent mothers under 65 with children under 18. Altogether, these four subcategories accounted for 83 percent of all poor families in 1995. The other 17 percent was made up of less common family types, such as married couples living with children who were all 18 or older, single-parent fathers and their children, and brothers and sisters who lived together.

The four subcategories of unattached individuals are: unattached men under 65, unattached men 65 and older, unattached women under 65, and unattached women 65 and older. These four subcategories account for 100 percent of unattached individuals.

The importance of a second wage-earner or second source of pension income becomes obvious from the poverty statistics for the four subcategories of families as shown in Graph C. The poverty rates for married couples were all low, regardless of the age of the spouses or the presence of children at home. The poverty rates for families led by single-parent mothers were all high.

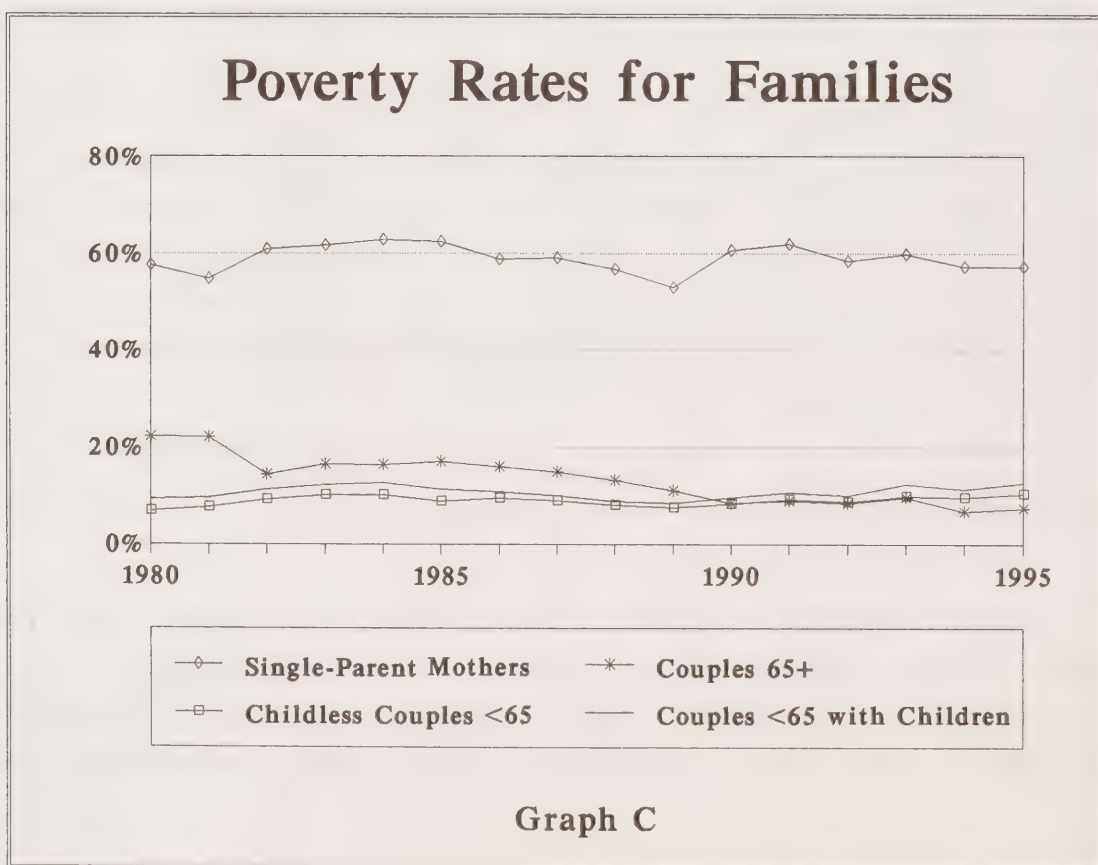


TABLE 6
POVERTY RATES FOR FAMILIES, 1980-1995

	Single-Parent Mothers under 65 with Children under 18	Couples 65 and Older	Couples under 65 without Children	Couples under 65 with Children under 18
1980	57.7%	22.2%	6.9%	9.4%
1981	54.8%	22.1%	7.7%	9.7%
1982	60.9%	14.4%	9.2%	11.3%
1983	61.7%	16.4%	10.2%	12.3%
1984	62.8%	16.3%	10.2%	12.6%
1985	62.5%	16.9%	8.9%	11.3%
1986	58.8%	15.9%	9.5%	10.8%
1987	59.0%	14.9%	9.0%	10.1%
1988	56.7%	13.2%	8.1%	8.9%
1989	52.9%	11.1%	7.6%	8.5%
1990	60.6%	8.5%	8.3%	9.6%
1991	61.9%	9.0%	9.3%	10.7%
1992	58.4%	8.5%	8.8%	10.1%
1993	59.8%	9.7%	9.9%	12.4%
1994	57.3%	6.8%	9.7%	11.3%
1995	57.2%	7.5%	10.4%	12.6%

As Table 6 shows in more detail, the highest rate for single-parent mothers was 62.8 percent in 1984, and the lowest was 52.9 percent in 1989. By way of comparison, the highest rate for single-parent fathers was 34 percent in 1993 and the lowest was 18 percent in 1987.

Married couples with the head of the family 65 or older saw their poverty rates fall dramatically from 22.2 percent in 1980 to a record low 6.8 percent in 1994. The 1995 rate was 7.5 percent.

Couples where the head of the family was under age 65 experienced ups and downs in poverty rates that corresponded with ups and downs in the economy through the early 1990s. The trend has been upward since then.

Throughout the entire period from 1980 through 1995, poverty rates for couples under 65 with children under 18 were consistently higher than the rates for childless couples.

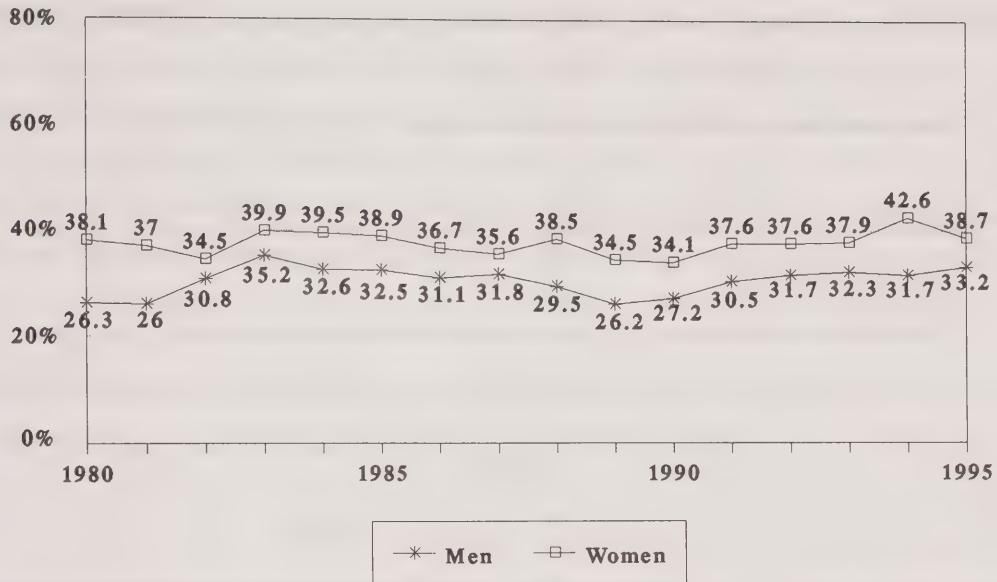
For unattached people, the poverty rates over the years have varied greatly among the four subcategories based on sex and age. All four subcategories have rates that are significantly higher than the rates for married couples, although none of the recent figures was anywhere near the rates for families led by single-parent mothers.

Trends in poverty among unattached men and women under 65 and men and women 65 and older are shown in Graph D on the next page. The poverty rates for unattached people under 65 tended to rise and fall with unemployment rates, while the rates for older unattached people fell more or less steadily. In both age groups, the poverty rates were noticeably higher for women than men.

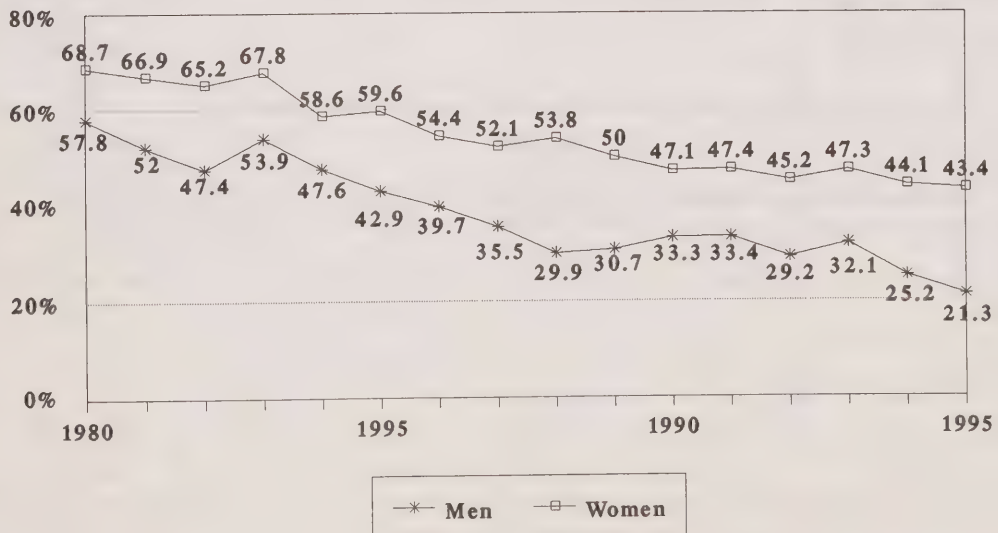
The poverty rate for unattached women under 65 was 38.1 percent in 1980 and 38.7 percent in 1995. The comparable rates for men were 26.3 percent in 1980 and 33.2 percent in 1995. The gap between the sexes was largest in 1980 at 11.8 percentage points and smallest in 1982 at 3.7 percentage points.

For unattached people 65 and older, the poverty rate for women went from 68.7 percent in 1980 to a record low 43.4 percent in 1995. The rate for men dropped from 57.8 percent in 1980 to a record low 21.3 percent in 1995. The gap between men and women was smallest at 10.9 percentage points in 1980 and largest at 23.9 points in 1988.

Poverty Rates for Unattached People Under 65



Poverty Rates for Unattached People 65 and Older



Graph D

III. VIEW FROM THE PROVINCES

Unemployment rates, the adequacy of pension programs, and family type are major determinants of poverty in all parts of Canada, but there are important differences from province to province. Table 7 gives the 1995 provincial statistics for families, unattached individuals and all persons. For families, poverty rates ranged from a low of 9.3 percent in Prince Edward Island to a high of 19.2 percent in Newfoundland. The range for unattached individuals was even greater, from 28.9 percent in Saskatchewan to 44.5 percent in Quebec. Poverty rates for all persons went from 12 percent in P.E.I. to 20.6 percent in Newfoundland and Quebec.

TABLE 7

POVERTY BY PROVINCE, 1995

	Families		Unattached Individuals		All Persons	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate	Number of Poor Persons	Poverty Rate
Newfoundland	32,000	19.2%	16,000	42.3%	116,000	20.6%
Prince Edward Island	4,000	9.3%	5,000	36.0%	16,000	12.0%
Nova Scotia	42,000	15.5%	41,000	40.8%	164,000	17.8%
New Brunswick	35,000	15.7%	25,000	31.6%	128,000	17.2%
Quebec	347,000	16.8%	475,000	44.5%	1,492,000	20.6%
Ontario	398,000	12.8%	441,000	32.7%	1,698,000	15.3%
Manitoba	43,000	13.9%	50,000	38.7%	191,000	17.6%
Saskatchewan	37,000	13.4%	36,000	28.9%	158,000	16.3%
Alberta	112,000	14.8%	115,000	30.8%	472,000	17.4%
British Columbia	138,000	13.2%	194,000	32.7%	634,000	16.9%
Canada	1,187,000	14.4%	1,399,000	36.1%	5,070,000	17.4%

Between 1994 and 1995, family poverty rates were up in all provinces except Quebec and Saskatchewan. The family poverty rate in Quebec was unchanged at 16.8 percent, and the rate in Saskatchewan was down from 13.5 percent in 1994 to 13.4 percent in 1995.

Among unattached individuals, poverty rates were up between 1994 and 1995 in Newfoundland, Prince Edward Island, Nova Scotia and Ontario, and down in all other provinces.

Poverty rates for all persons were higher between 1994 and 1995 in all but three provinces. The rate in Manitoba fell from 18.4 percent to 17.6 percent, and the rate in Saskatchewan dropped from 17 percent to 16.3 percent. The B.C. rate was unchanged at 16.9 percent.

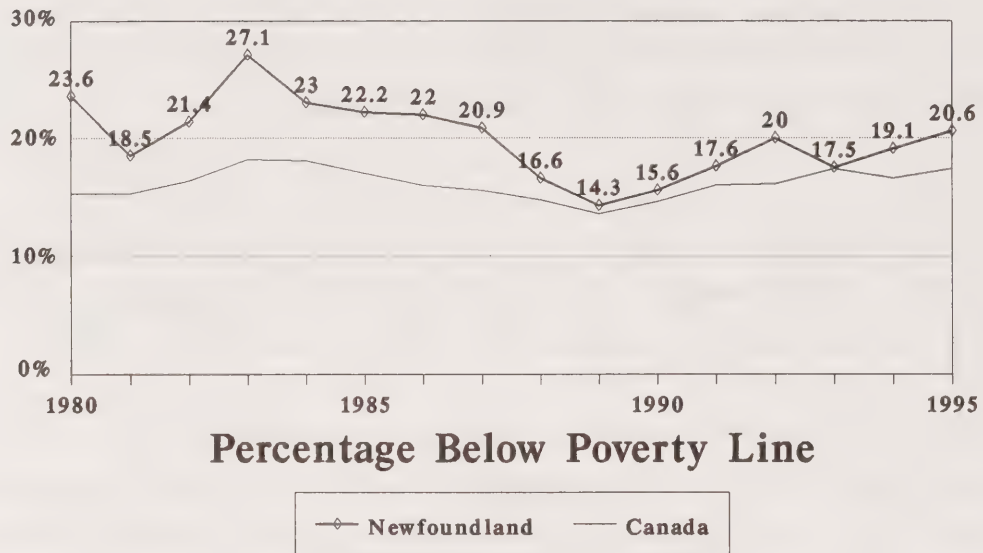
The ten pages that follow contain graphs with detailed information on poverty trends in the provinces. The top half of each page plots provincial poverty rates for all persons from 1980 to 1995. The line with diamond markers and accompanied by percentages shows the provincial rates. For purposes of comparison, each graph includes a second line showing the poverty rates for Canada as a whole. The percentages were omitted from this line to avoid confusion in cases where the two lines are close together.

The bottom half of each page gives the poverty rates for families and unattached individuals from 1980 through 1995. The lines without markers and without percentages show the national trends.

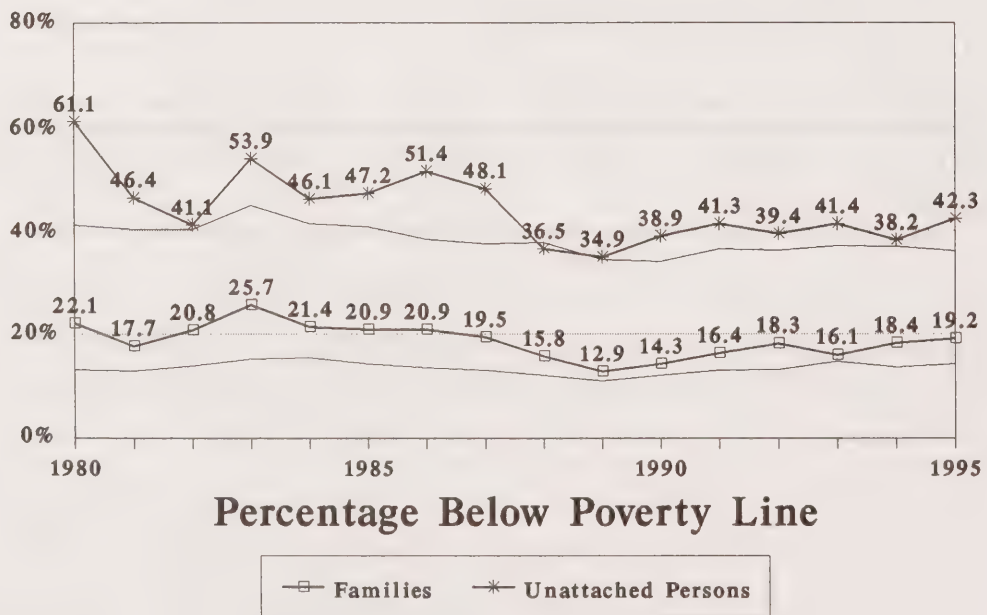
The two largest provinces have the most consistent trends for families, unattached individuals and all persons. Ontario's poverty rates were among the lowest in Canada and were well below the national average throughout the period. Quebec's rates were among the highest and well above average. There was much less consistency elsewhere.

Newfoundland

Trends for All Persons



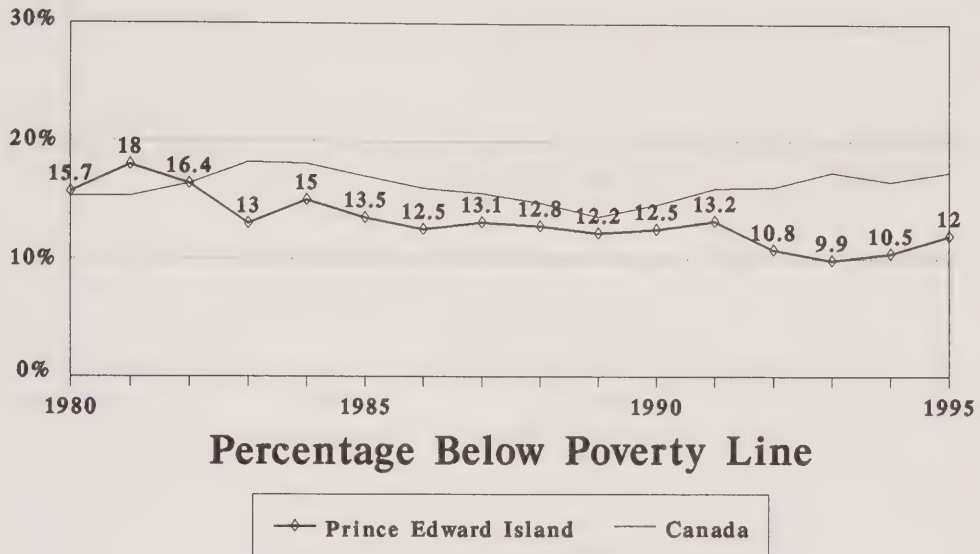
Families and Unattached Individuals



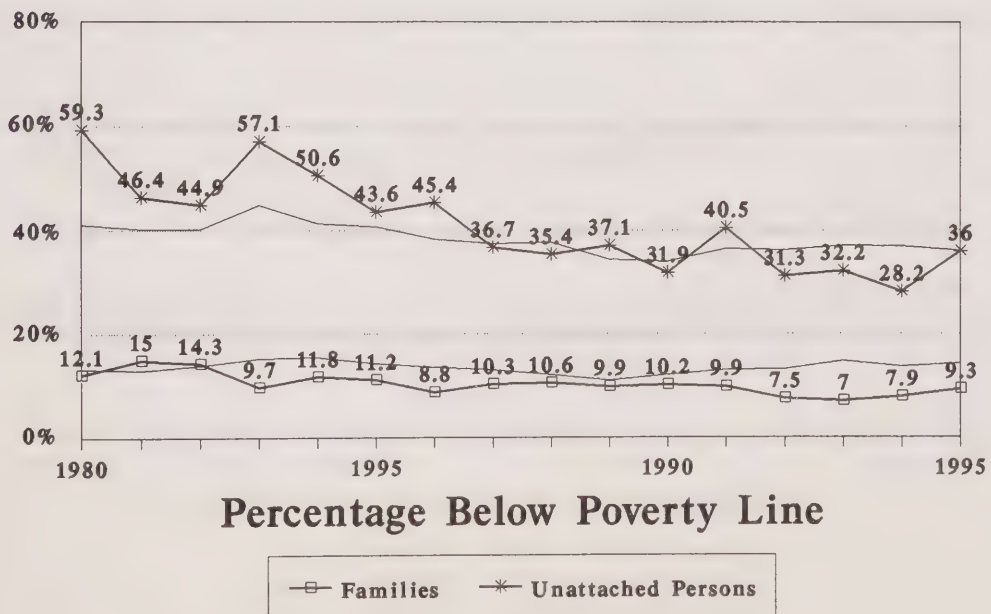
Graph E

Prince Edward Island

Trends for All Persons



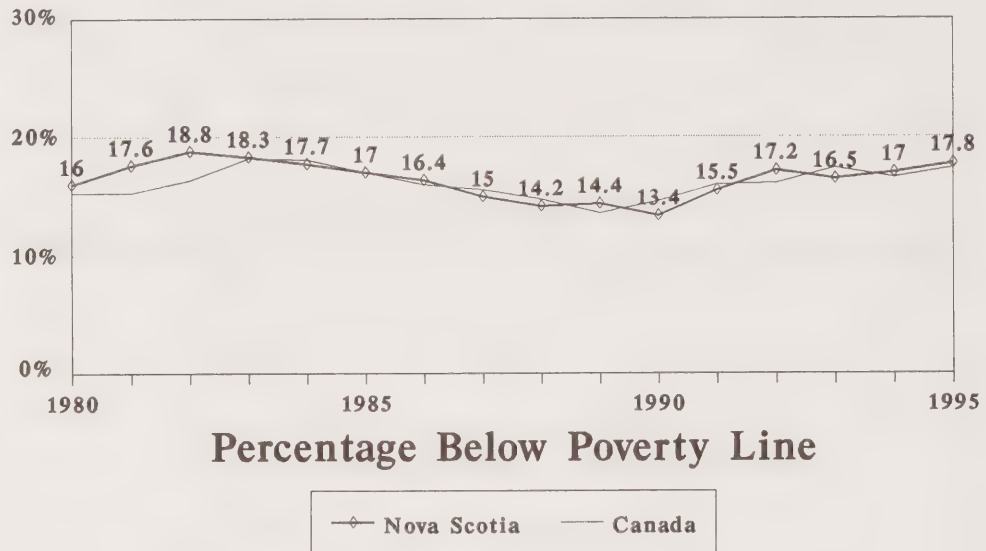
Families and Unattached Individuals



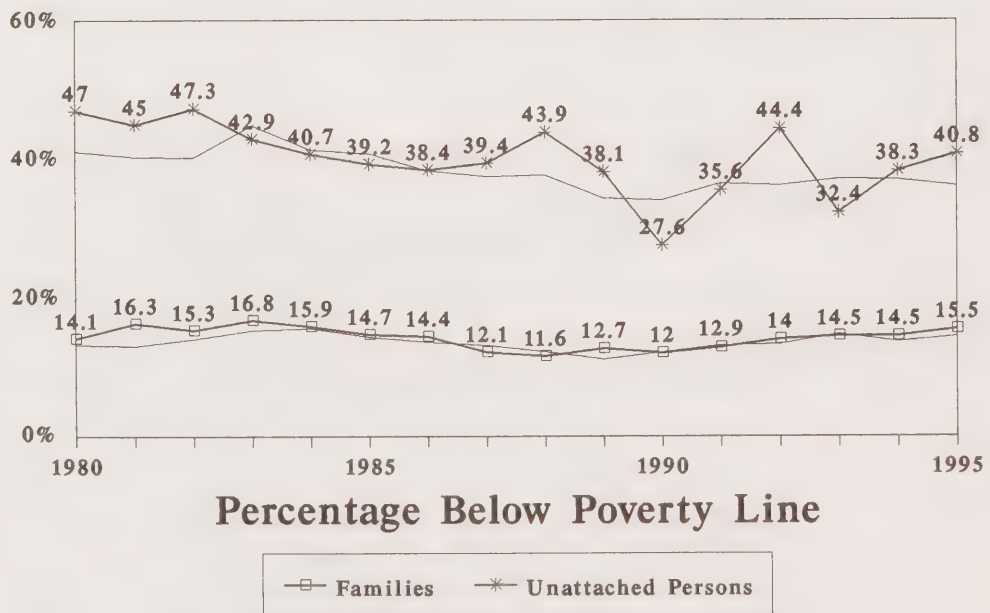
Graph F

Nova Scotia

Trends for All Persons



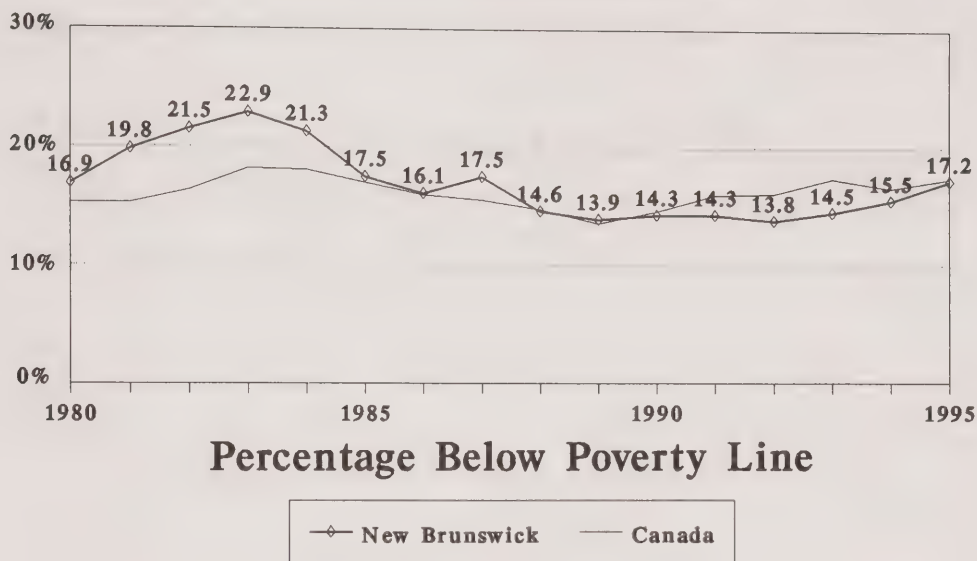
Families and Unattached Individuals



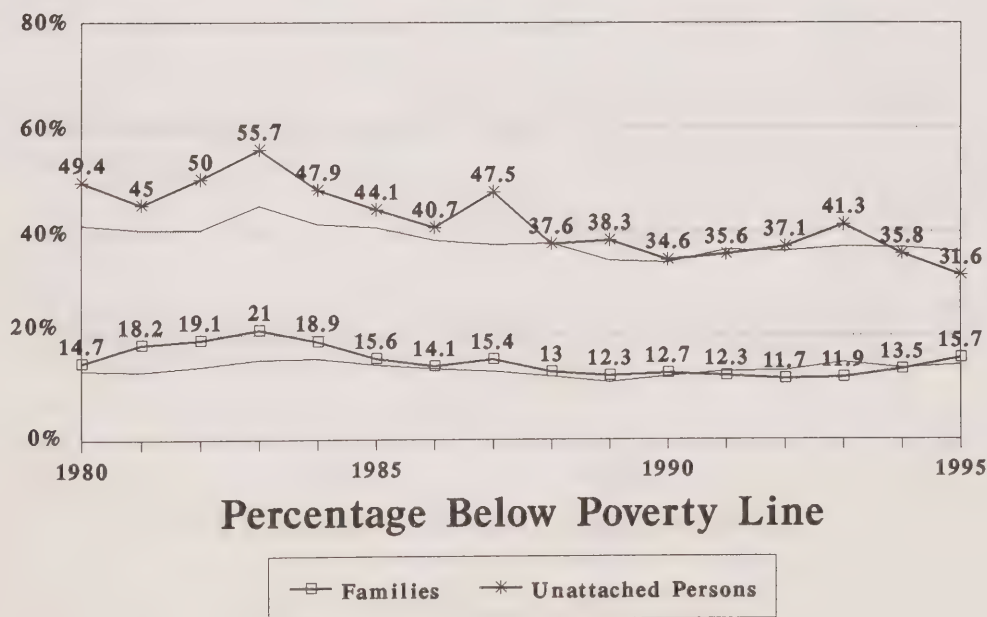
Graph G

New Brunswick

Trends for All Persons



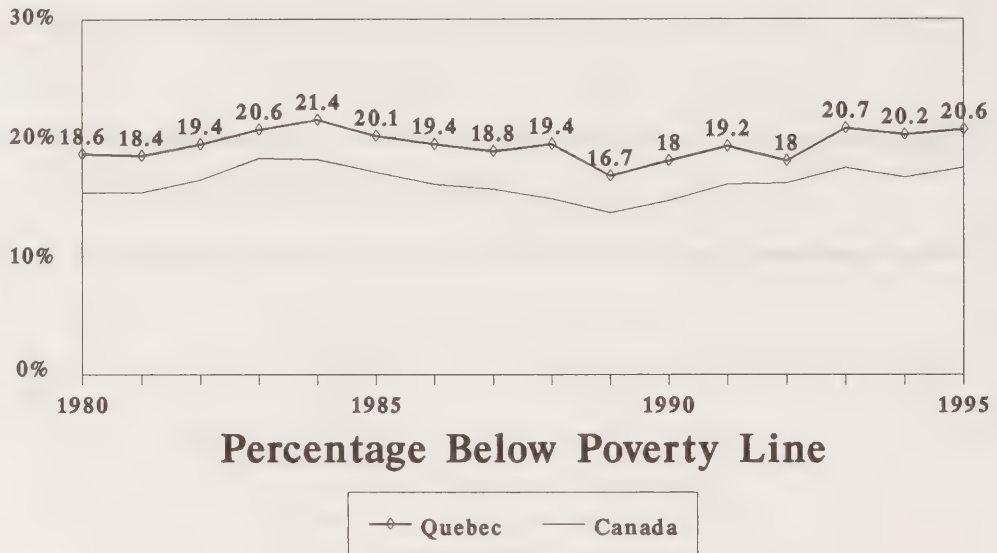
Families and Unattached Individuals



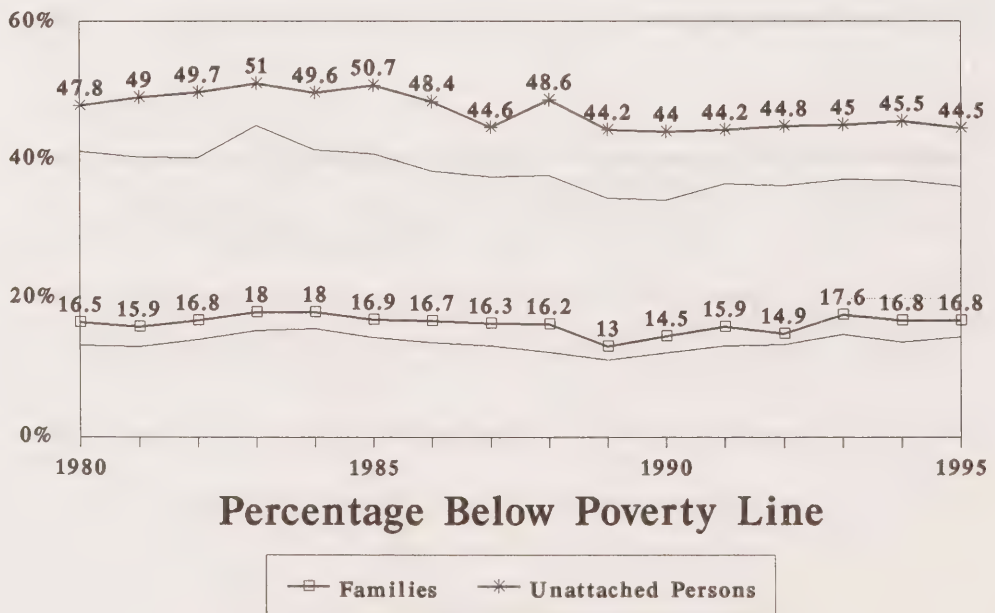
Graph H

Quebec

Trends for All Persons



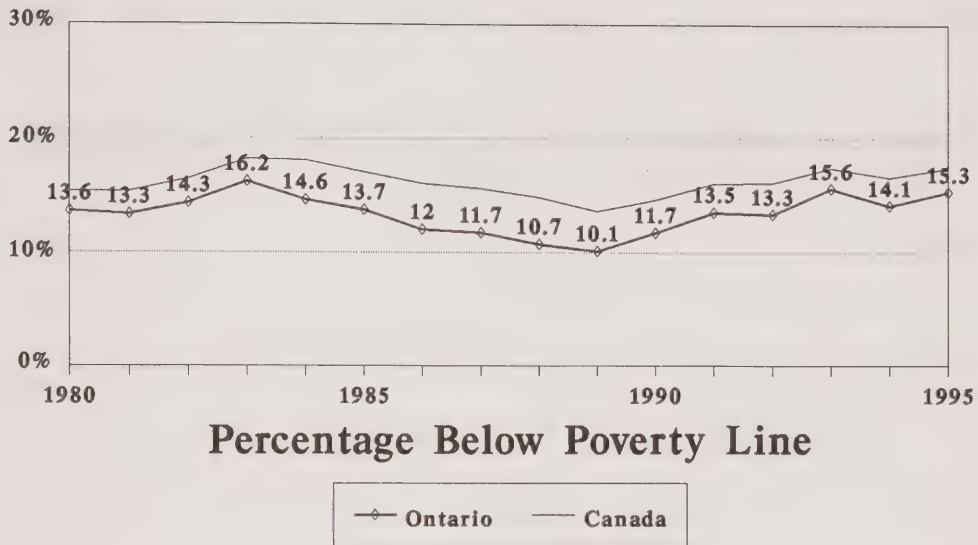
Families and Unattached Individuals



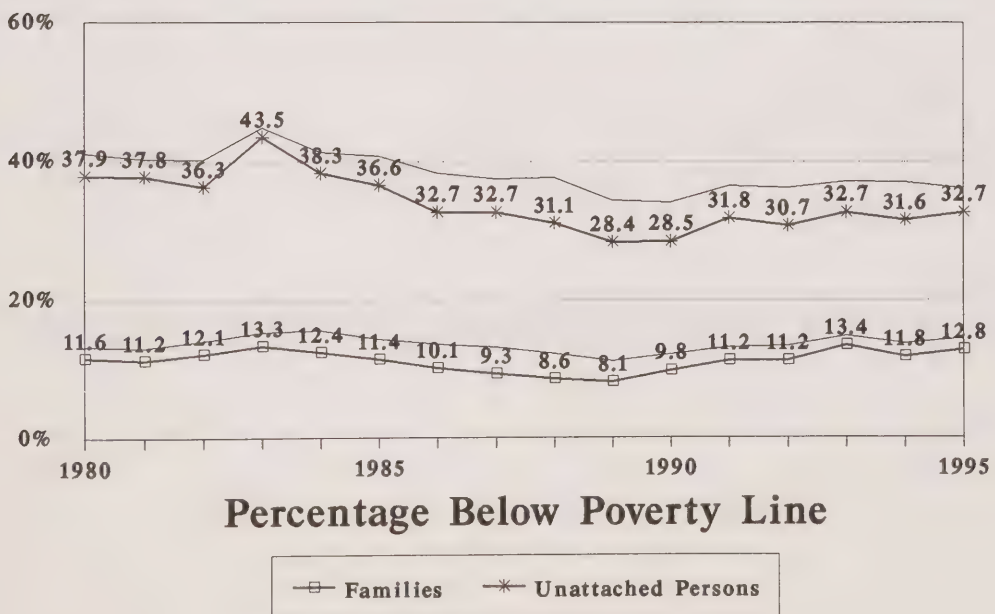
Graph I

Ontario

Trends for All Persons



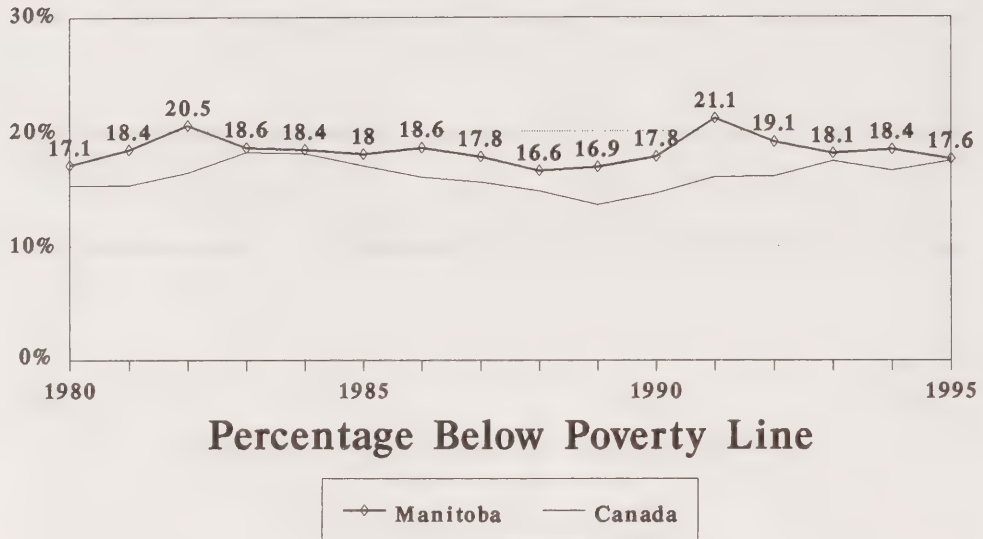
Families and Unattached Individuals



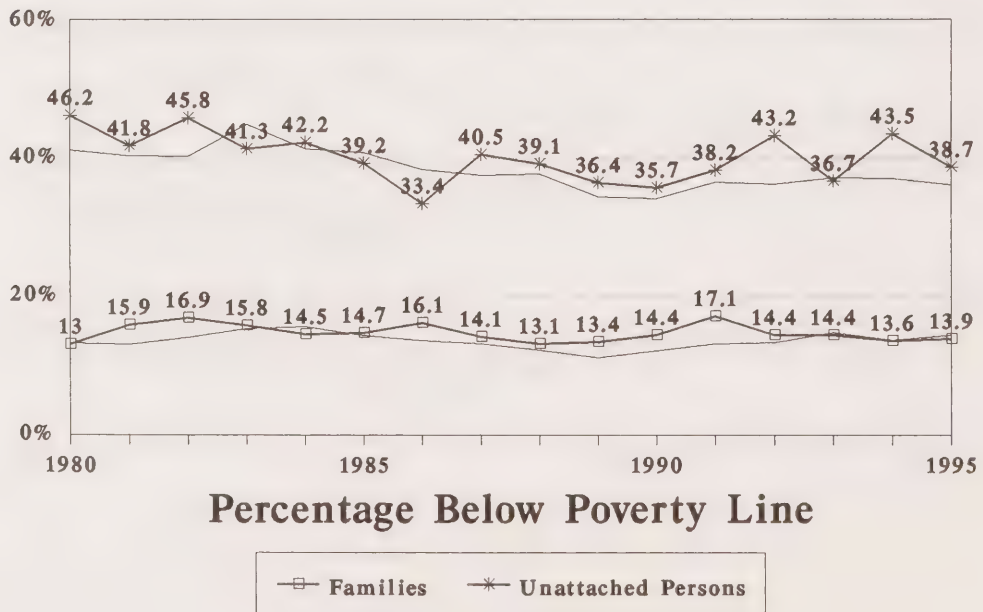
Graph J

Manitoba

Trends for All Persons



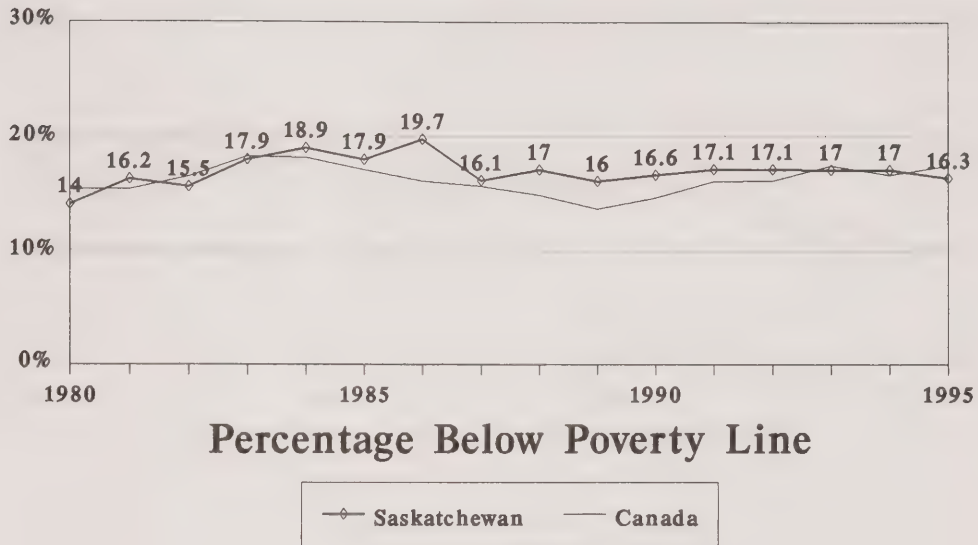
Families and Unattached Individuals



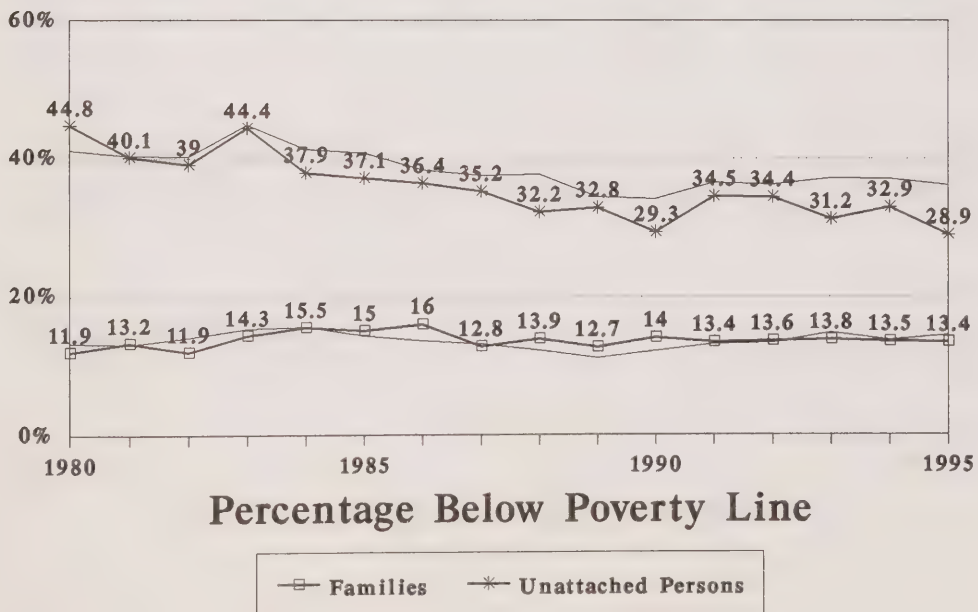
Graph K

Saskatchewan

Trends for All Persons



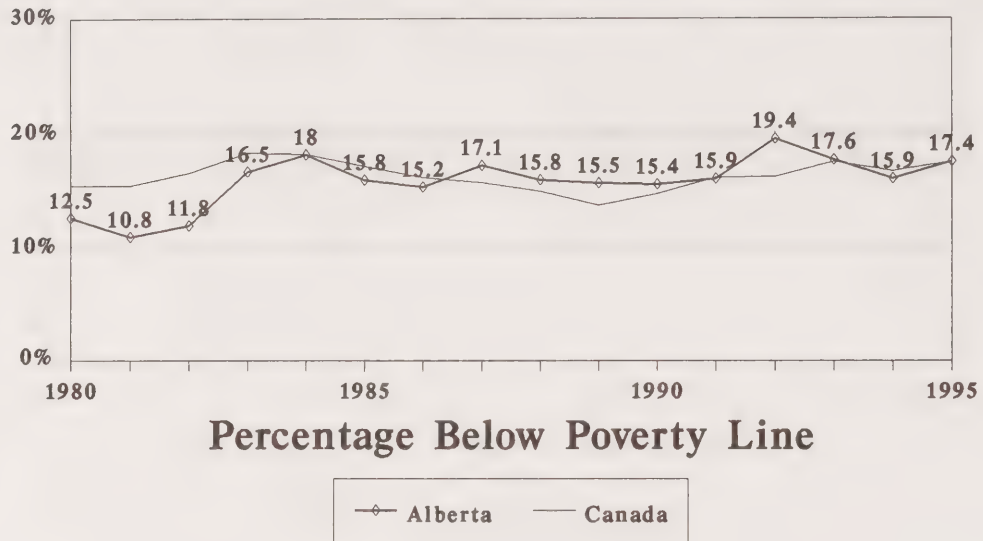
Families and Unattached Individuals



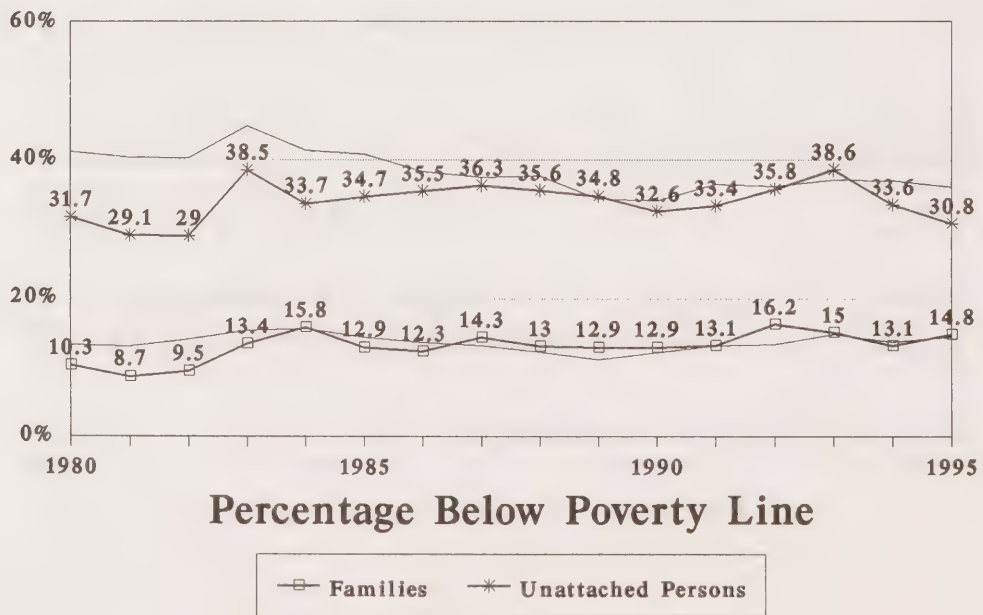
Graph L

Alberta

Trends for All Persons



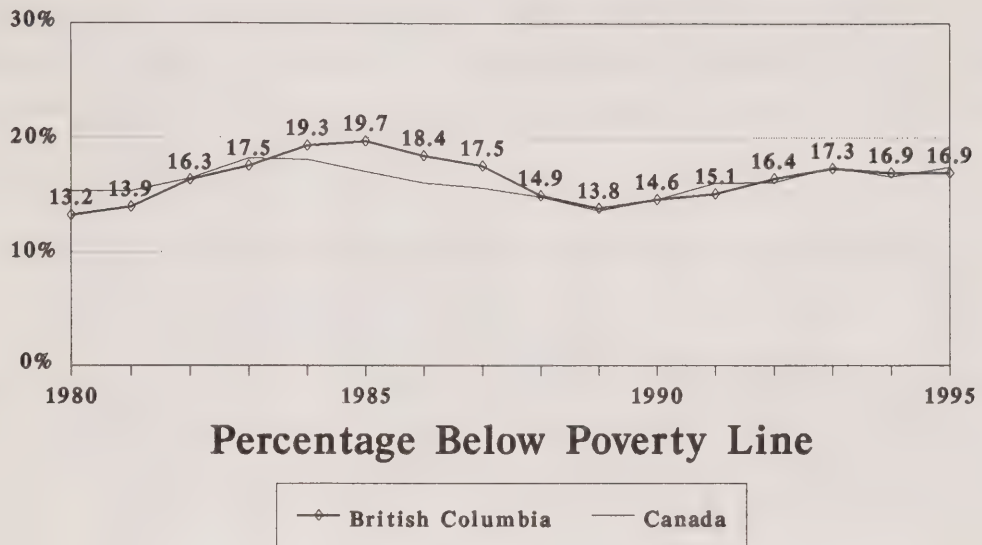
Families and Unattached Individuals



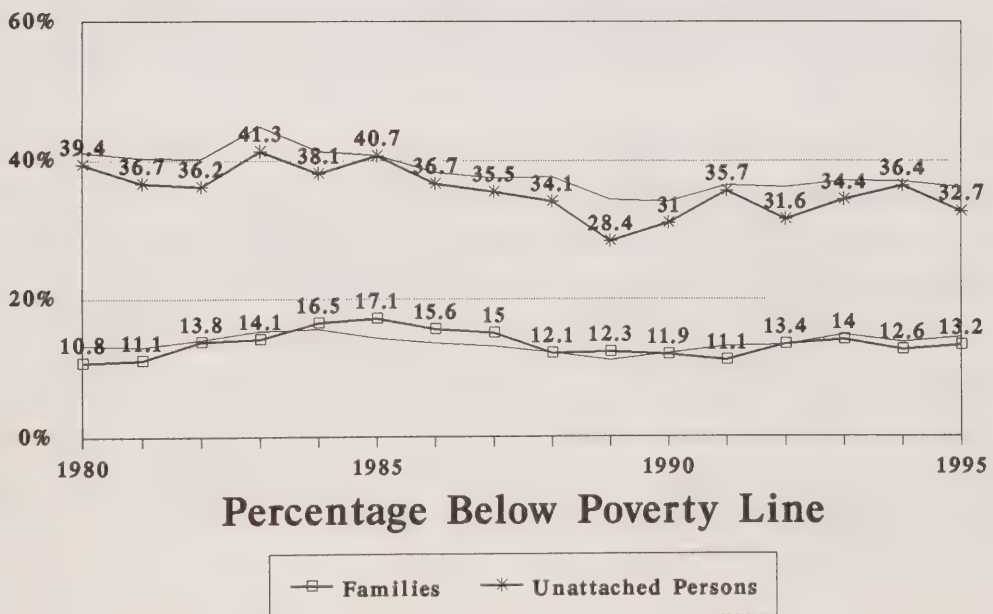
Graph M

British Columbia

Trends for All Persons



Families and Unattached Individuals



Graph N

IV. SNAPSHOTS OF POVERTY IN 1995

Poverty rates vary with family type, sex, age, employment, education, housing and population of area of residence. Among families with children, they vary with the number and age of the children. Among immigrants, there are important differences based on the length of time in Canada.

Family Type

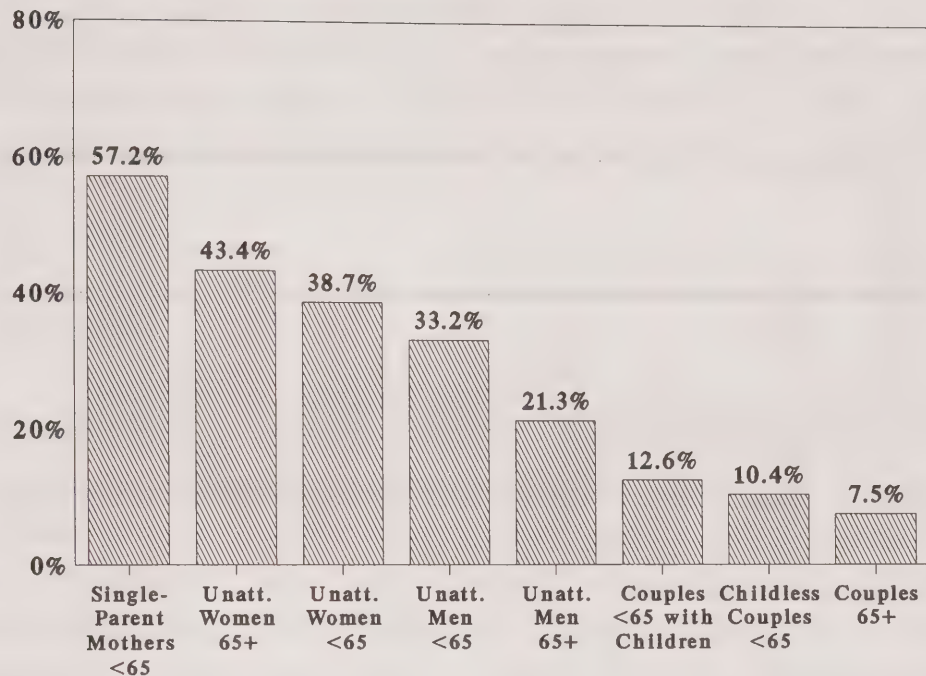
Probably the most important overall determinant of the risk of poverty is family type. As we described earlier, family type refers to eight subcategories of families and unattached individuals that take account of age and sex as well as family circumstances.

The top half of Graph O arranges the eight family types by poverty rates, with the highest at the left and the lowest at the right. The group with the highest poverty rate was single-parent mothers under 65 with children under 18. The next four bars represent unattached individuals. The poverty rates for unattached women were higher than the rates for unattached men. The three types of husband-wife families had relatively low poverty rates.

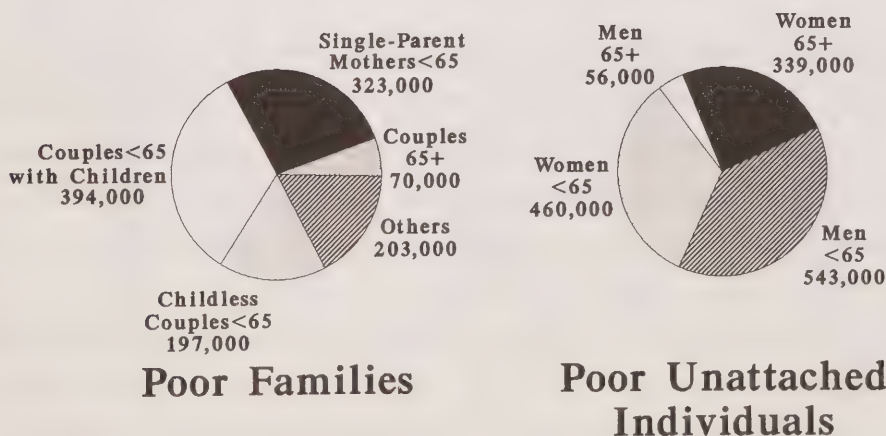
The pie graphs on the bottom half of the page show the number of poor families or unattached individuals by family type as a proportion of all poor families or unattached individuals. Among poor families, the two largest groups were couples under 65 with children under 18 and poor families led by single-parent mothers under 65 with children under 18.

Among poor unattached individuals, the most revealing comparison was between elderly men and women. Poor unattached women 65 and older outnumbered poor unattached men 65 and older by a margin of six to one. The numbers of poor unattached men and women under 65 were much closer.

Poverty Rates by Family Type, 1995



Distribution of Poor Families And Unattached Individuals, 1995



Graph O

Differences by Age, Sex and Family Type

The top half of Graph P gives the poverty rates for men and women by age, irrespective of their family status. In all cases but one, the rates for women were higher than the rates for men, and the differences between the sexes were most pronounced in the youngest and oldest groups.

Additional information about poverty among men and women is presented later in this report.

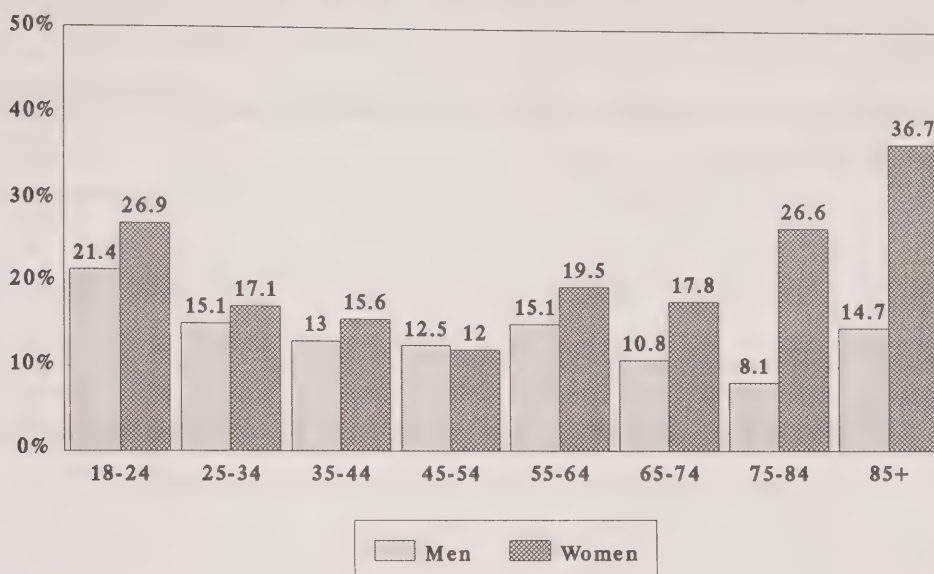
The poverty rates for both sexes were relatively high for the age group 18 through 24. That is partly a reflection of high unemployment rates among young people and partly because entry-level wages are lower than wages for experienced workers. Poverty rates for both men and women fell in the age groups that follow until the age group 55 through 64. Higher rates in this group tend to reflect the difficulties older workers have when they lose their jobs. The higher rate for women 55 through 64 may also be due to an increasing number of widows.

The rates for older men and women show a widening gap between the sexes. One reason for higher poverty rates among elderly women is the fact that women live longer than men on average. The older groups contain a large number of women who are unattached, many of them widows, and unattached persons invariably have higher poverty rates than married people.

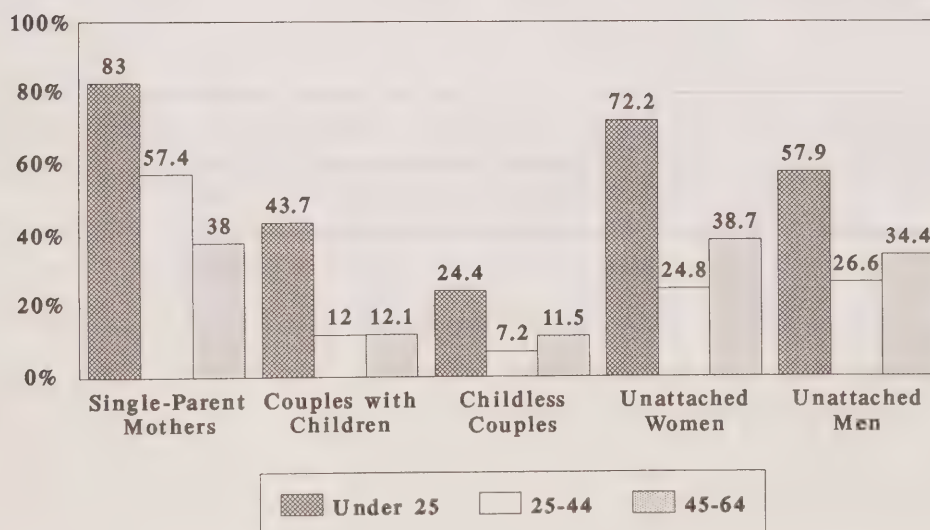
The bottom half of Graph P shows how poverty rates vary by age group and family type, using the five family types under age 65. The poverty rate for the relatively small number of families led by single-parent mothers under age 25 was an incredibly high 83 percent. The comparable rates for other families led by single-parent mothers were 57.4 percent for heads of families 25 through 44, and 38 percent for heads of families 45 through 64.

Poverty rates for the other four non-elderly family types were also highest among heads of families and unattached individuals under 25. In fact, the risk of poverty among young people under 25 has increased significantly in recent years with the deterioration in the job market.

Poverty Rates for Persons By Age and Sex, 1995

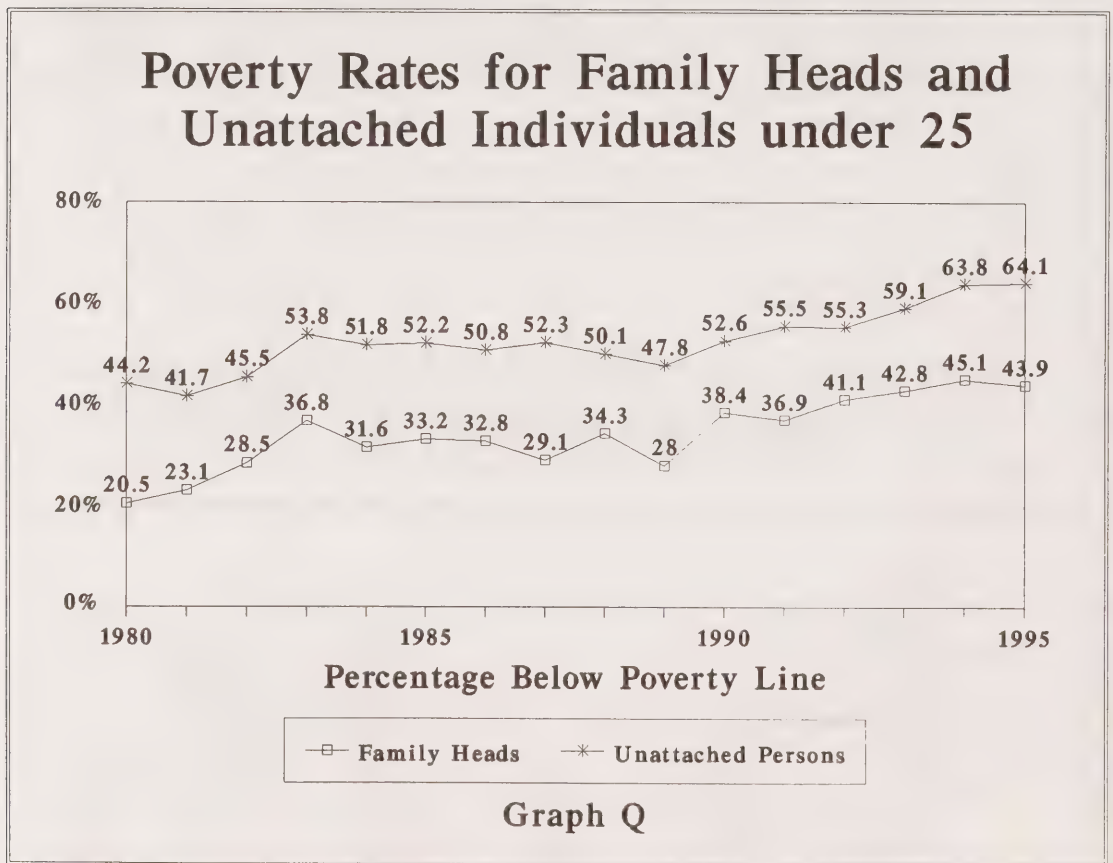


Poverty Rates by Family Type And Age of Head, 1995



Graph P

Graph Q shows the poverty rates for families headed by people under 25 and unattached individuals under 25 from 1980 through 1995. Poverty rates for the unattached rose following the recession of 1981-1982 and remained at very high levels for most of the rest of the decade. After a slight dip in 1989, rates began rising again and hit 64.1 percent in 1995. The picture was a bit less gloomy for young families, but poverty rates have risen sharply since 1989. The rate for 1995 was 43.9 percent.



Work Activity

As might be expected, a good job is the best insurance against poverty for Canadians under the age of 65, and Statistics Canada has several measures that show how the risk of poverty decreases as work activity increases. One of the most revealing relates poverty rates to the number of weeks worked during the year for those under age 65, as shown in Graph R on the next page.

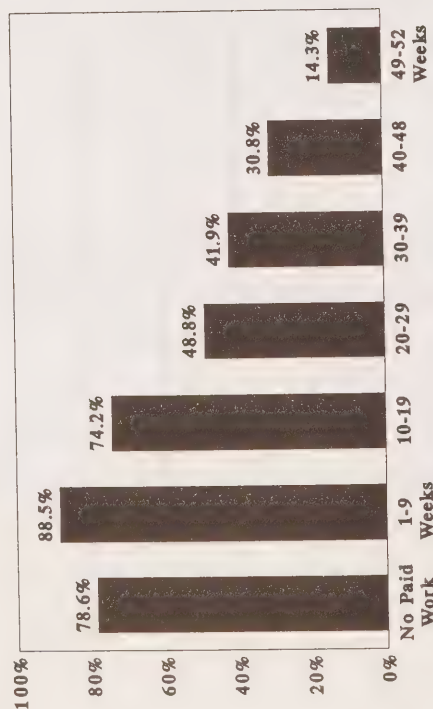
The upper left portion of the graph shows how the poverty rates for unattached individuals under 65 decline as their weeks of work increase. The poverty rates for unattached persons with only a few weeks of work in 1995 were extremely high. Meanwhile, the poverty rate for those who worked for 49 to 52 weeks was 14.3 percent.

The same general pattern holds true for families with heads under 65 as shown in the upper right portion of Graph R. Weeks of work for families includes weeks of work by the head of the family plus weeks of work by a spouse in the case of married couples. All the married couples with only one wage-earner and all single-parent families are covered by the bars in the graph that end at 49 to 52 weeks of work. The last three bars on the right represent husband-wife families where the two spouses together worked a total of more than 52 weeks. The poverty rate for couples under 65 with 93 or more weeks of work in 1995 was a mere 2.7 percent.

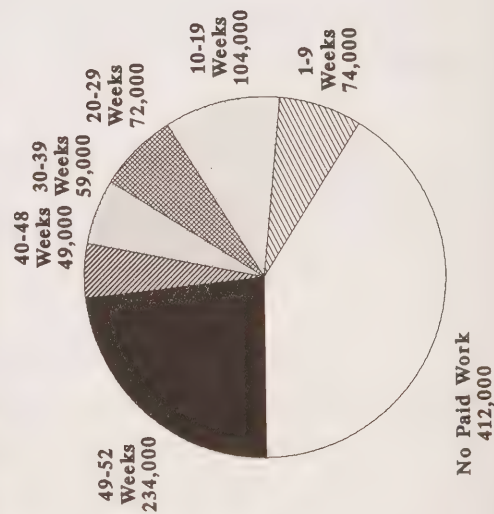
The pie charts in the bottom half of the graph show the distribution of poor unattached persons under 65 and poor families with heads under 65. Not surprisingly, the largest slices of the two pies represent poor people who did not work at all for wages in 1995.

On the other hand, the pies also show that even 52 weeks of work a year does not always insulate a person from poverty. Some 234,000 unattached persons - or 23 percent of all poor unattached persons under 65 - were poor in 1995 even though they worked between 49 and 52 weeks. Some 78,000 families - or seven percent of all poor families with heads under 65 - were poor even when husbands and wives together worked for 93 or more weeks during the year.

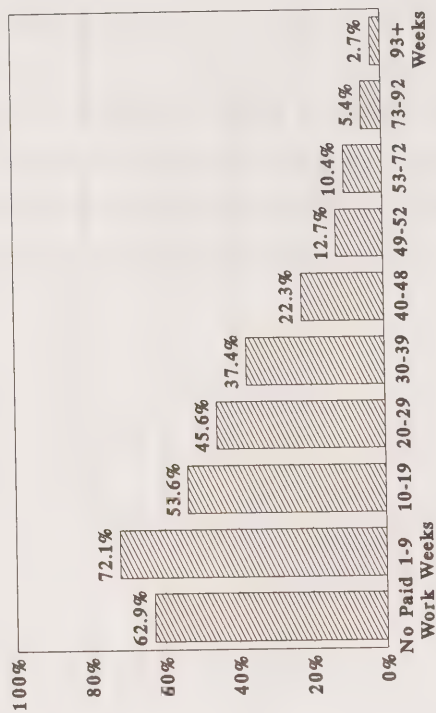
Poverty Rates By Weeks of Work For Unattached Persons Under 65, 1995



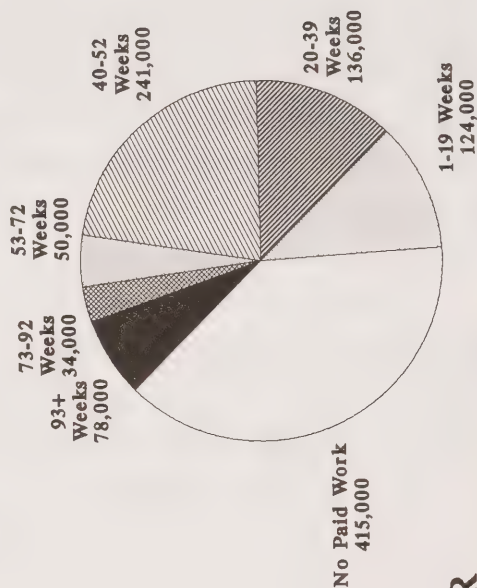
Distribution of Poor Unattached Persons Under 65 By Weeks of Work, 1995



Poverty Rates By Weeks of Work For Families Under 65, 1995



Distribution of Poor Families Under 65 By Weeks of Work, 1995



Graph R

Poverty rates for both families and unattached individuals also vary with the type of work done. Table 8 is arranged so that occupational groupings with the lowest poverty rates for family heads come first and the highest rates come last. The ranking of poverty rates for unattached individuals is somewhat different. In both cases, however, family heads and unattached individuals in managerial jobs had the lowest poverty rates, and workers in service industries had the highest rates.

TABLE 8
POVERTY RATES BY OCCUPATION, 1995

Occupational Group	Family Heads	Unattached Individuals
Managerial	4.6%	12.4%
Processing and Machining	7.0%	15.2%
Professional	7.2%	19.8%
Product Fabrication	7.7%	20.6%
Construction	10.1%	20.3%
Transport	11.3%	27.9%
Farming, Fishing, Forestry	12.0%	30.0%
Sales	12.5%	26.0%
Clerical	16.5%	21.3%
Services	22.5%	46.4%

Number and Age of Children

We have seen how poverty rates vary by family type. Rates for two-parent families are relatively low, and rates for families led by single-parent mothers are sky-high. Within these general ranges, the rates vary noticeably with the number and age of children.

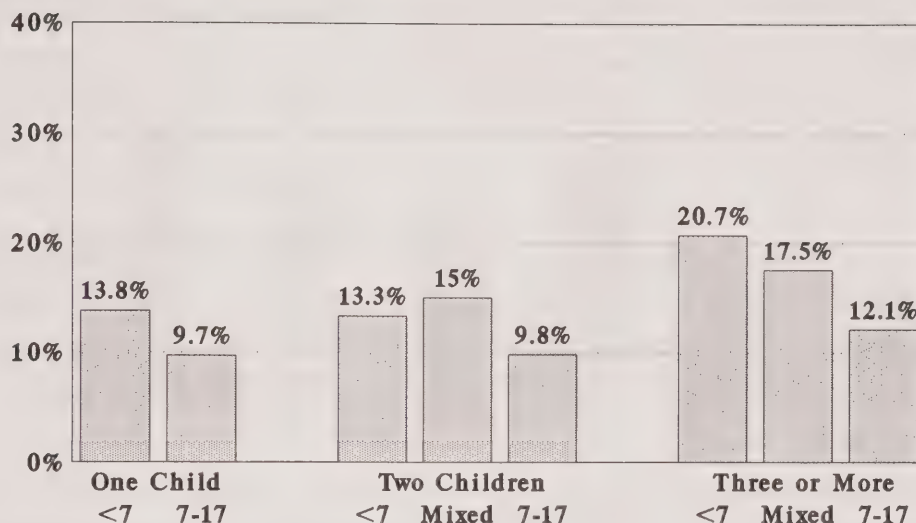
The top half of Graph S shows the poverty rates for two-parent families and the bottom half shows the rates for families led by single-parent mothers. Although the patterns are not perfect, the two parts of the graph suggest that poverty rates increase with the number of children but decrease once the youngest child reaches school age.

In the bottom half of the graph, for example, the poverty rate for families led by single-parent mothers with two children under age seven was 82.8 percent in 1995. The rate for families with two children of mixed age groups - one under seven and one seven through 17 - was 73.5 percent. The rate for families with two children both seven or older was 51.2 percent.

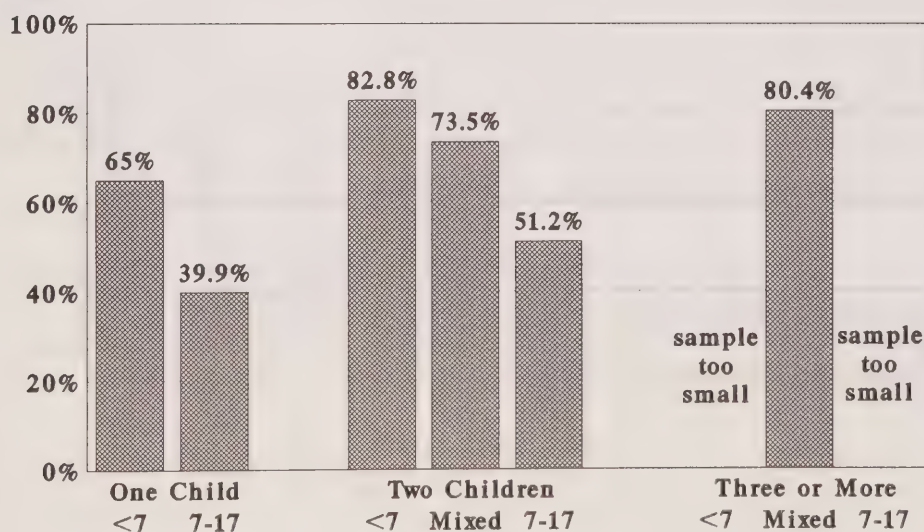
It would be logical to expect that the risk of poverty is higher for families of all types with very young children, because the job of caring for infants and toddlers sometimes keeps mothers out of the labour force. Mothers are more inclined to take jobs outside the home once their youngest children are off to school.

As an aside, it is interesting to note that families led by single-parent mothers had fewer children on average than two-parent families. In 1995, poor single-parent mothers under 65 had an average of 1.78 children under 18, and single-parent mothers who were not poor had an average of 1.44 children. Among couples under 65 with children, poor couples had 1.99 children under 18 on average and non-poor couples had 1.84 children.

Poverty Rates for Two-Parent Families Under 65, by Number and Age Group Of Children Under 18, 1995



Poverty Rates for Single-Parent Mothers Under 65, by Number and Age Group Of Children Under 18, 1995



Graph S

Education

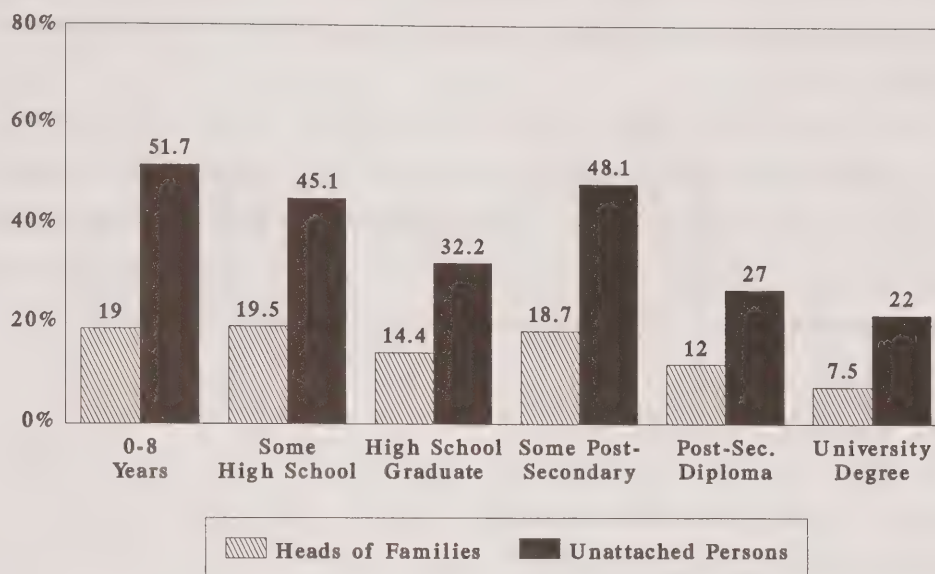
The risk of poverty normally decreases as people get more schooling. The top half of Graph T shows poverty rates of 19 percent or more for heads of families who had eight years of schooling or less or who had some high school, but did not graduate. The lowest poverty rates were family heads with university degrees. The same general pattern was true for unattached individuals.

The bottom part of Graph T shows the poverty rates by family type, with the highest rates at the left of the graph. The darkly shaded bars are poverty rates for family heads or unattached individuals who did not graduate from high school. The lighter bars are poverty rates for family heads or unattached individuals with a high school diploma or better.

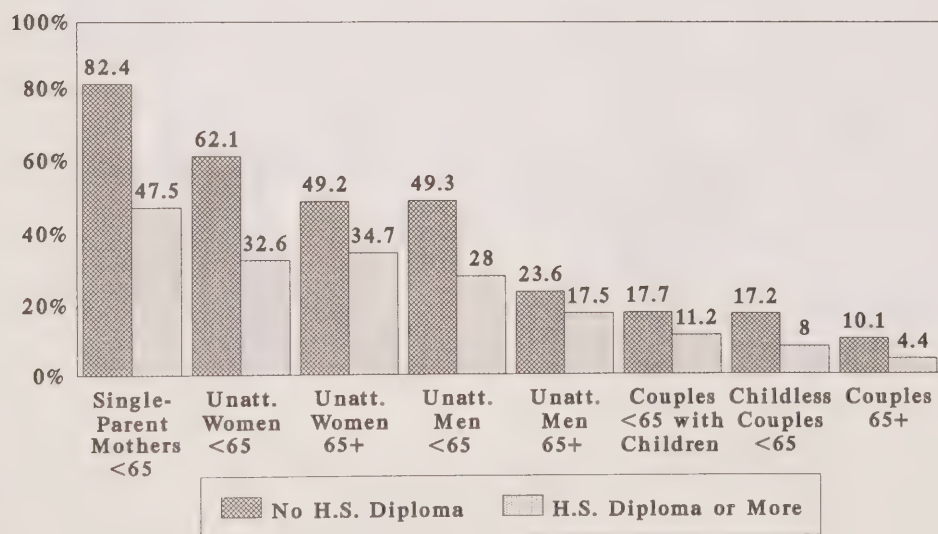
The patterns are similar to the patterns for family type alone shown earlier in this report. The poverty rate for families led by single-parent mothers with less than a high school education was 82.4 percent - by far the highest rate among all those who did not graduate from high school. Single-parent mothers who did graduate had a poverty rate of 47.5 percent - again the highest of any family type. This shows that family type and level of education both influence a person's risk of poverty.

Poor education can be either a cause of poverty or an effect. Young people who drop out of school may be poor because they lack the skills needed to get good jobs. On the other hand, young women who drop out of school if they get pregnant may be poor because of the hardships associated with single parenthood. The fact that they are poorly educated is a result of their family circumstances rather than an immediate cause of poverty.

Poverty Rates by Highest Level Of Education Completed, 1995



Poverty Rates by Family Type And Level of Education, 1995



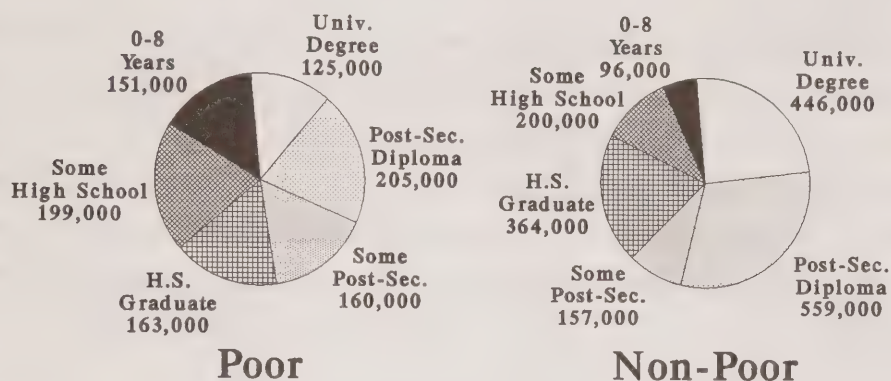
Graph T

Another way of looking at poverty and education is to compare the educational levels of poor people and non-poor people as in Graph U. The two pies on the left side of the page show the levels of education of poor unattached individuals under 65 or heads of poor families under 65. The pies on the right show the same for non-poor unattached people under 65 or heads of non-poor families under 65.

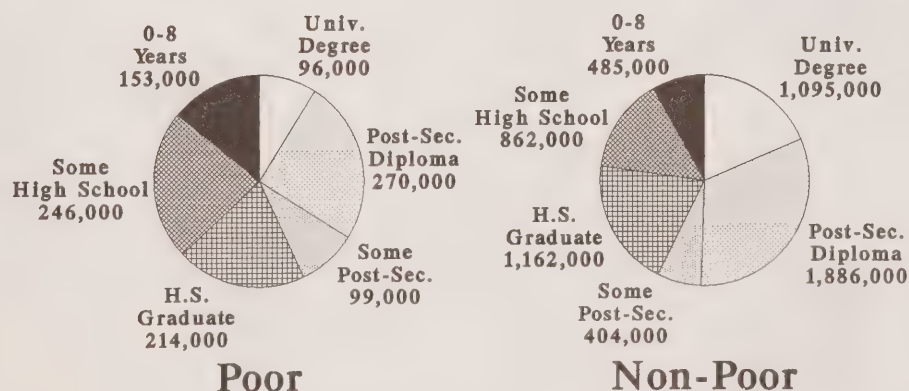
The graph shows that poor people as a group tend to have lower levels of education than non-poor people. The black slices of the pies, representing people who did not attend high school, are proportionately larger for poor people. The white slices of the pies, representing people with university degrees, are proportionately larger for the non-poor.

However, Graph U also shows that there is no definitive link between poverty and education. Hundreds of thousands of people who never finished high school somehow managed to avoid poverty in 1995. On the other hand, there were 125,000 unattached persons and 96,000 heads of families under 65 who had university degrees and still found themselves poor.

Education of Poor and Non-Poor Unattached Individuals under 65, 1995



Education of Poor and Non-Poor Families with Heads under 65, 1995



Graph U

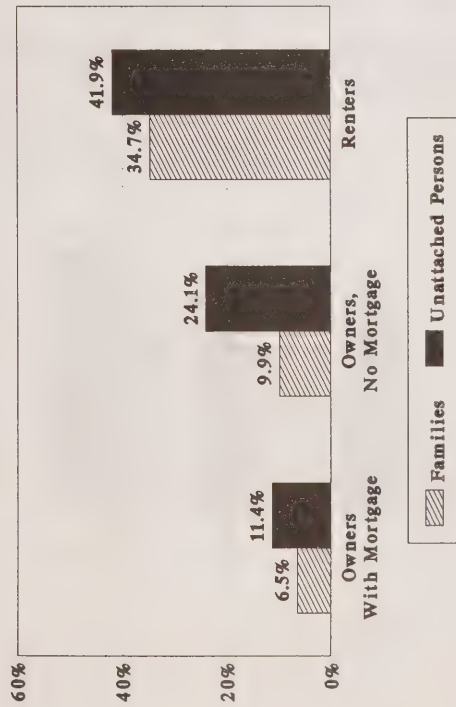
Homeowners and Renters

Statistics on poverty and housing are collected in three categories: homeowners with mortgages, homeowners without mortgages, and renters.

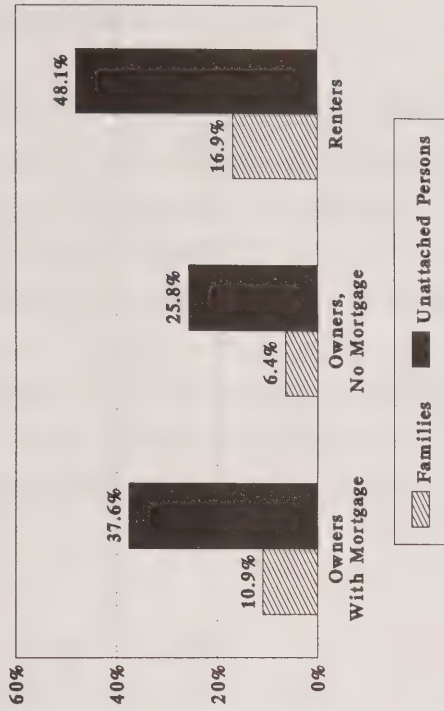
The top half of Graph V gives the poverty rates by housing status for families and unattached individuals under 65 and elderly families and unattached individuals. In both age groups, poverty rates were highest for unattached individuals and families who rented their homes. For the under 65 group, poverty rates increased from the category homeowners with mortgages to owners without mortgages to renters. For the 65 and older group, the pattern was different: homeowners without mortgages had significantly lower poverty rates than homeowners with mortgages.

There are also interesting differences in the distribution of poor families and unattached individuals by age group as shown in the bottom half of Graph V. For those under 65, 694,000 families or 64 percent of all poor families and 881,000 unattached persons or 88 percent of all poor unattached individuals were renters. For those 65 and older, 31,000 families or 29 percent of poor families and 255,000 unattached people or 65 percent of all poor unattached seniors were renters. Most of the rest of the poor seniors were homeowners without mortgages. Presumably, most of them paid off their mortgages during the course of their working lives but still wound up in poverty because their annual retirement incomes were very low.

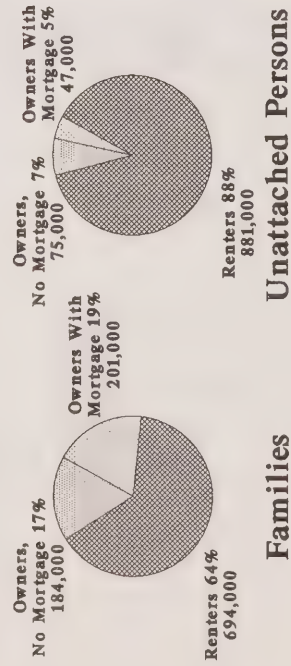
Poverty Rates for Homeowners
And Renters Under 65, 1995



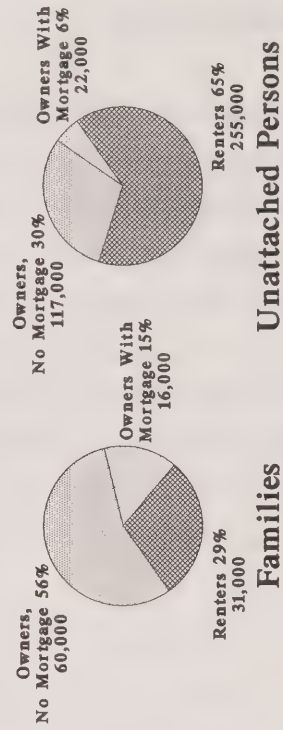
Poverty Rates for Homeowners
And Renters 65 and Older, 1995



Distribution of Poor People
Under 65 by Housing Status, 1995



Distribution of Poor People
65 and Older by Housing Status, 1995

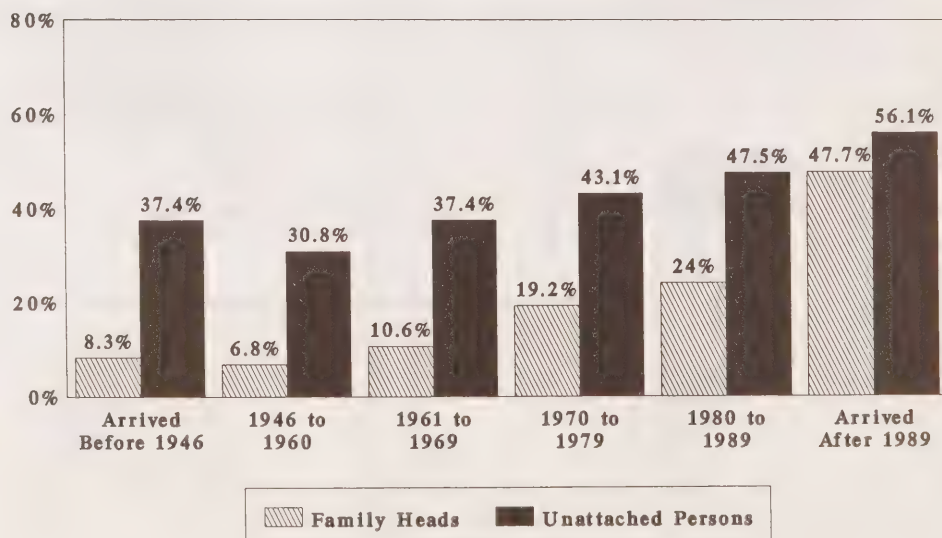


Year of Immigration

Poverty rates are invariably lower for unattached individuals and families headed by people born in Canada than for comparable groups of immigrants. In 1995, the poverty rate for unattached individuals born in Canada was 34.9 percent, and the rate for unattached individuals who immigrated to Canada was 42.8 percent. The poverty rate for heads of families born in Canada was 12.9 percent, and the rate for heads of families born elsewhere was 20.3 percent.

Poverty rates were relatively low for families with heads who immigrated to Canada prior to 1970 and relatively high for heads of families who immigrated in recent years. Among unattached individuals, poverty rates were lowest among those who immigrated between 1946 and 1960 and highest among those who arrived after 1989.

Poverty Rates for Immigrants By Period of Immigration, 1995



Graph W

Area of Residence

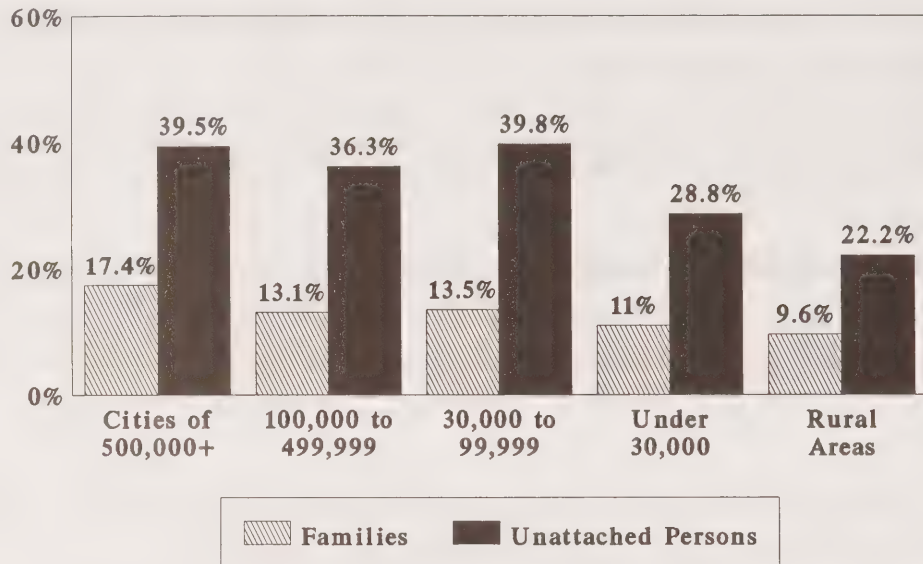
Graph X on the next page shows poverty among families and unattached people by the size of their communities. Each of the five categories in the graph corresponds to a set of poverty lines based on community size.

The top half of the graph shows that poverty rates are higher in large cities than in small towns and rural areas. This is partly due to the fact that the low income cut-offs are higher in urban areas than rural areas. For example, a single person with an annual income of \$15,000 in 1995 would have been considered poor in the nine census metropolitan areas with populations of more than half a million, but would have been above the poverty line in all other parts of Canada.

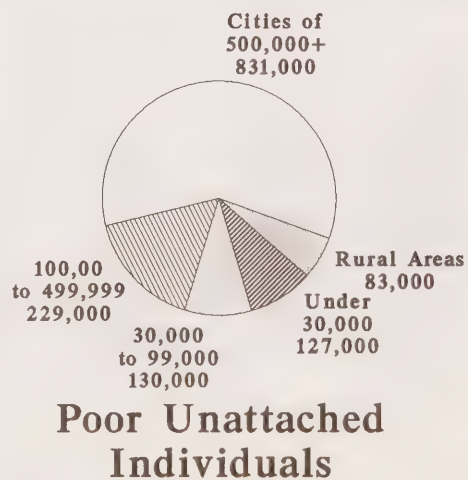
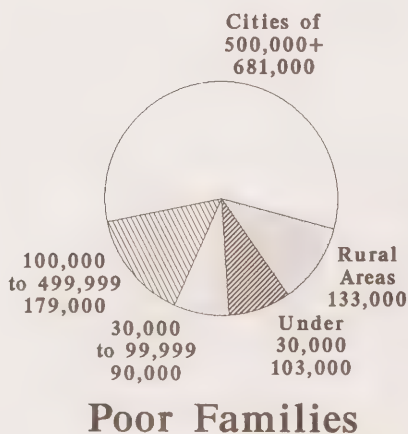
The bottom half of the graph shows the distribution of poor families and unattached individuals by community size. In 1995, 681,000 poor families or 57 percent of all poor families and 831,000 unattached individuals or 59 percent of all poor unattached people lived in cities of half a million people or more.

The percentage of poor people living in the biggest cities is disproportionately high, because only 47 percent of all families and 54 percent of all unattached individuals lived in cities of half a million or more in 1995.

Poverty Rates By Size of Area of Residence, 1995



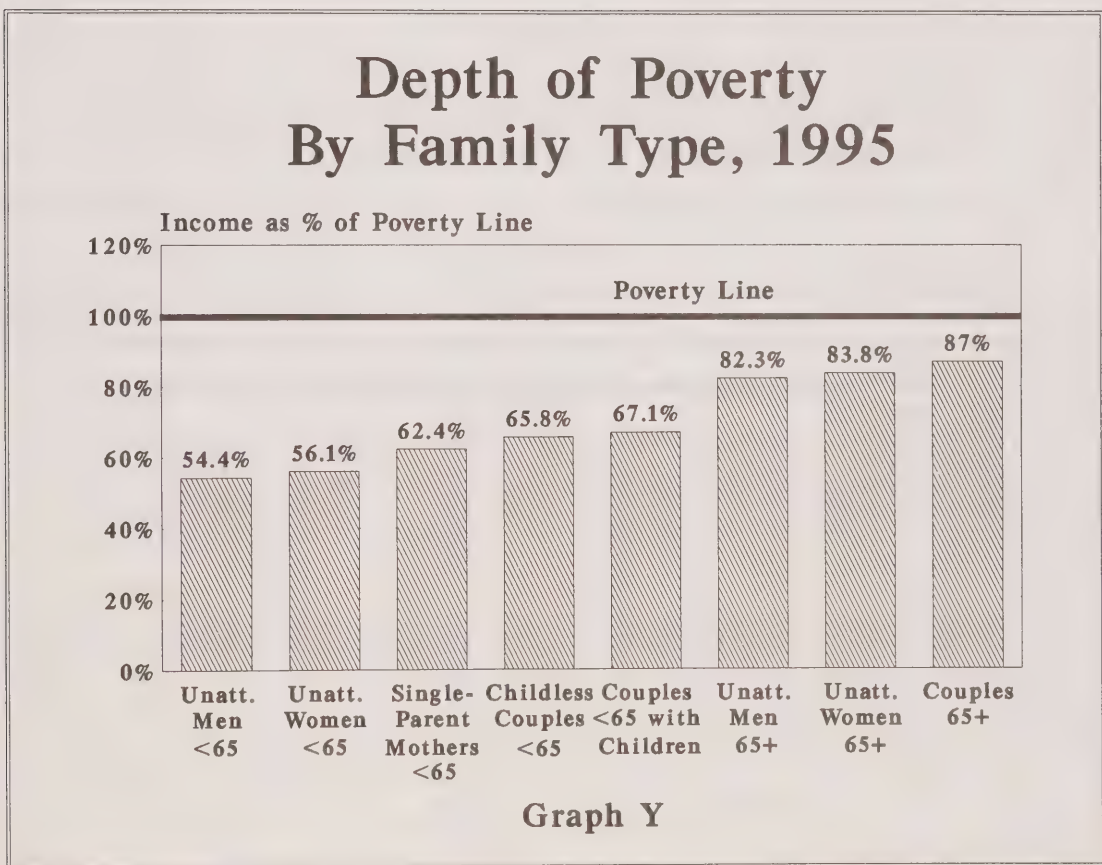
Distribution of Poor Families And Unattached Individuals, 1995



Graph X

V. DEPTH OF POVERTY AND THE POVERTY GAP

It is one thing to measure the risk of poverty and another to measure its severity. Poverty rates show the percentage of the population which is poor each year, but they do not show whether poor people are living in abject poverty or a few dollars below the poverty line. For that, we need measures of the "depth of poverty." Depth of poverty statistics also allow us to calculate the "poverty gap" to show how much additional income would be needed to bring all Canadians out of poverty.



Graph Y shows the average incomes of poor Canadians as a percentage of the poverty line for the eight family types which were highlighted in previous chapters. The groups are arranged with the poorest at the left of the graph and the least poor at the right. Unattached men under 65 were the poorest of the eight family types in 1995, with total incomes that were only

54.4 percent of the poverty line on average. Poor married couples 65 and older were at the other end, with average incomes of 87 percent of the poverty line.

Depth of poverty can also be expressed in dollars as the difference between the poverty line and the average income of poor families or unattached individuals. Table 9 shows the depth of poverty by family type for 1980 and 1995, with all the figures given in 1995 dollars to factor out the effects of inflation over the years.

<p>TABLE 9</p> <p>AVERAGE DEPTH OF POVERTY BY FAMILY TYPE</p> <p><u>IN CONSTANT 1995 DOLLARS, 1980 AND 1995</u></p>			
Family Type	Dollars Below Poverty Line in 1980	Dollars Below Poverty Line in 1995	% Change 1980-1995
Single-Parent Mothers under 65 with Children under 18	\$10,126	\$8,851	-13 %
Couples under 65 with Children under 18	\$8,343	\$8,564	+3 %
Unattached Women under 65	\$7,356	\$6,346	-14 %
Unattached Men under 65	\$7,052	\$6,489	-8 %
Childless Couples under 65	\$6,748	\$6,108	-9 %
Unattached Men 65 and Older	\$4,139	\$2,612	-37 %
Unattached Women 65 and Older	\$3,984	\$2,410	-37 %
Couples 65 and Older	\$3,390	\$2,454	-28 %

Poor single-parent mothers under 65 with children under 18 were the worst off, living \$10,126 below the poverty line on average in 1980 and \$8,851 below the line in 1995. Poor

couples under 65 with children under 18 were not much better off, with average incomes \$8,343 below the poverty line in 1980 and \$8,564 below the line in 1995.

Unattached women and men under 65 came next. They were worst off when depth of poverty was expressed as a percentage of the poverty line, but had a different ranking when the measure was dollars below the poverty line. The explanation for this apparent inconsistency is that the poverty lines are higher for families than they are for unattached people. A family of four living in a large city at half the 1995 poverty line of \$31,383 would have been \$15,691 below the line, while a single person at half the poverty line of \$15,819 would have been \$7,909 below the line.

The right-hand column of Table 9 shows the percentage change in the depth of poverty between 1980 and 1995 by family type. Negative figures mean the family types were closer to the poverty line in 1995 than they were in 1980, while positive figures mean the depth of poverty got worse.

Depth of poverty figures normally decrease in good times and increase in bad times. For the period as a whole from 1980 to 1995, poor couples under 65 with children under 18 were the only family type to experience an increase in their average depth of poverty. All the other family types were better off in 1995 than they were in 1980. Poor seniors gained the most, with a decline in the depth of poverty by 37 percent for unattached senior men and women and a decline of 28 percent for married couples.

Using the average depth of poverty in dollars for different family types and the number of families or unattached individuals in each group, it is possible to calculate Canada's total poverty gap, or the amount of additional income that would be required to bring all Canadians above the poverty line in any given year.

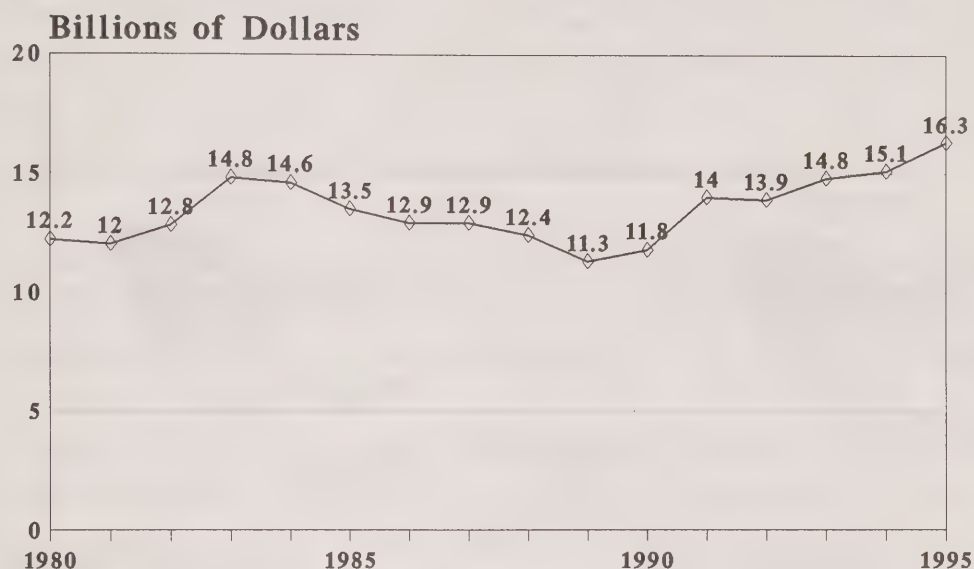
The poverty gap in 1995 was \$16.3 billion, as shown in Table 10 on the next page. Four family types accounted for more than three-quarters of the gap: unattached men under 65, couples under 65 with children under 18, unattached women under 65, and single-parent mothers under 65 with children under 18. The ranking of these four groups changes from year to year, but no other family types come close to the size of their poverty gaps.

TABLE 10
TOTAL POVERTY GAP BY FAMILY TYPE, 1995

Family Type	Poverty Gap	Percentage of Total Gap
Unattached Men under 65	\$3,523,000,000	21.6%
Couples under 65 with Children under 18	\$3,377,000,000	20.7%
Unattached Women under 65	\$2,922,000,000	17.9%
Single-Parent Mothers under 65 with Children under 18	\$2,858,000,000	17.5%
Couples under 65 without Children	\$1,202,000,000	7.4%
Unattached Women 65 and Older	\$817,000,000	5.0%
Couples 65 and Older	\$171,000,000	1.0%
Unattached Men 65 and Older	\$146,000,000	0.9%
Others	\$1,289,000,000	7.9%
Total Poverty Gap	\$16,305,000,000	100.0%

Canada's poverty gap rose and fell in recent years in much the same way that poverty rates rose and fell, as shown in Graph Z on the next page. All the dollar figures have been expressed in constant 1995 dollars to show the trends with the effects of inflation removed. The gap was \$12.2 billion in 1980, it rose to \$14.8 billion in 1983 in the wake of the recession, and it fell for most of the rest of the decade. With the start of another recession in 1990, the gap rose once again.

Canada's Total Poverty Gap In Constant 1995 Dollars



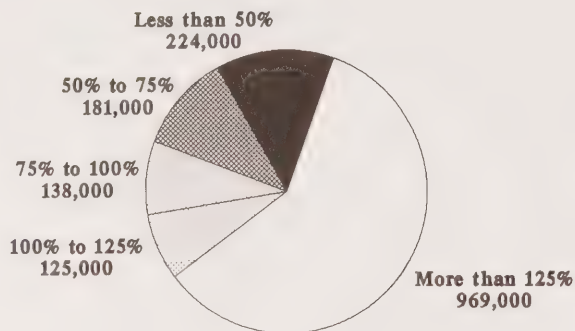
Graph Z

A third way of looking at depth of poverty is to group families and unattached individuals into income categories based on percentages of the poverty lines, as in Graph AA and AB on the pages that follow.

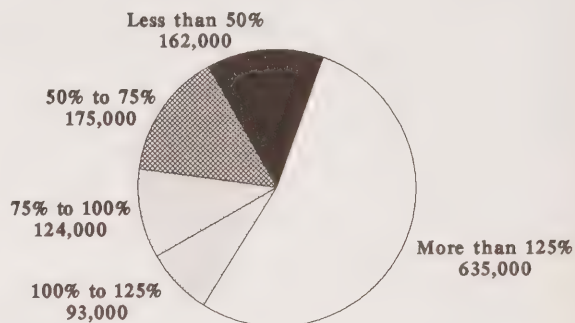
Graph AA shows the distribution of incomes in 1995 for the four types of unattached individuals. Each type is represented by a pie, and the slices of the pies represent people in different income categories: less than 50 percent of the poverty line, 50 to 75 percent of the line, 75 to 100 percent of the line, 100 to 125 percent of the line, and more than 125 percent of the line.

The income distributions for unattached men and women under 65 are shown in the two pies in the top half of Graph AA. Relatively large numbers of people were well below the poverty line in 1995. The poorest of the poor were the 224,000 poor unattached men under 65 and the 162,000 poor unattached women under 65 with incomes of less than 50 percent of the poverty line. They would have needed huge increases in their incomes to escape from poverty.

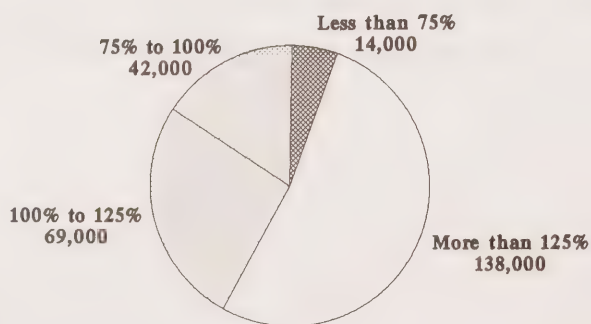
Income Distributions in 1995 As Percentages of the Poverty Line



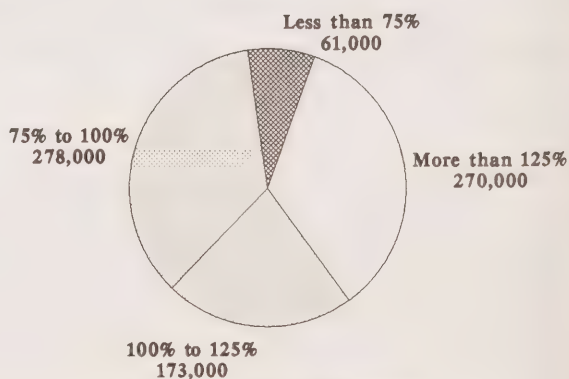
**Unattached Men
Under 65**



**Unattached Women
Under 65**



**Unattached Men
65 and Older**



**Unattached Women
65 and Older**

Graph AA

The income distributions were markedly different for the unattached men and women 65 and older as shown in the two pies in the bottom half of the graph. The category less than 50 percent of the poverty line was so small that it had to be combined with the category 50 to 75 percent of the poverty line. Huge numbers of unattached seniors fell into the two categories shown in light gray: 75 to 100 percent of the poverty line and 100 to 125 percent of the line. With this kind of income distribution, poverty rates could fall or rise noticeably if unattached seniors saw their incomes go up or down by even a few dollars a week.

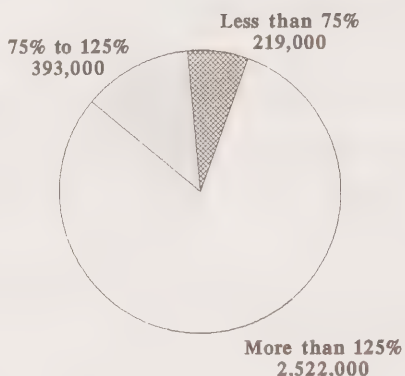
Just to get an idea of the impact of modest increases or decreases in income for all unattached individuals, the National Council of Welfare recalculated the 1995 poverty statistics according to hypothetical best-case and worst-case scenarios.

In the best-case scenario, we assumed that all the poor unattached people with incomes between 75 and 100 percent of the poverty line - one of the light gray slices of each pie in Graph AA - got enough additional income in 1995 to put them over the poverty line. The number of poor unattached individuals would have dropped from 1,399,000 to 816,000 under this scenario, and the poverty rate would have fallen from 36.1 percent to 21.1 percent.

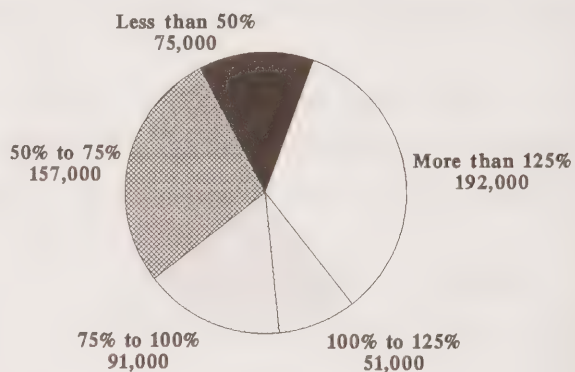
In the worst-case scenario, we assumed that all "near poor" unattached persons with incomes of 100 to 125 percent of the poverty line - the other light gray slice of each pie - lost enough income in 1995 to fall into poverty. The number of poor unattached individuals would have risen from 1,399,000 to 1,858,000 under this scenario, and the poverty rate would have shot up from 36.1 percent to 48 percent.

Graph AB on the next page presents the same kind of income distributions for families. The three pies for couples under 65 with children under 18, couples under 65 without children, and couples 65 and older are similar. The vast majority of families had incomes of more than 125 percent of the poverty line. The light gray slices representing incomes of 75 to 100 percent of the poverty line and 100 to 125 percent of the line are relatively small - so small that the categories had to be combined in two of the pies to be identified clearly. Two other categories - under 50 percent of the poverty line and 50 to 75 percent of the line - were even smaller and also had to be combined.

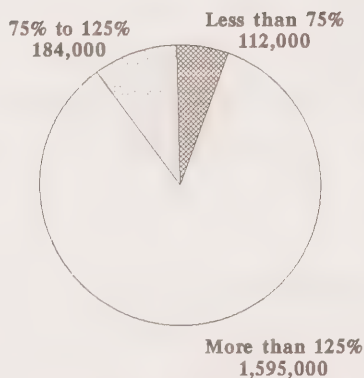
Income Distributions in 1995 As Percentages of the Poverty Line



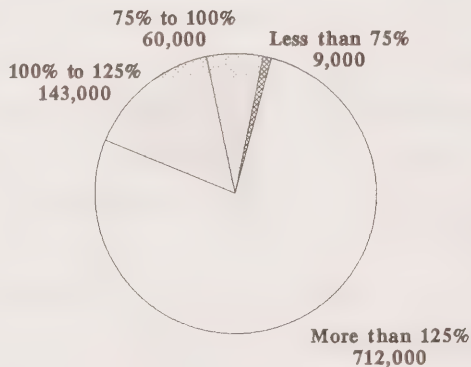
**Couples under 65
With Children**



**Single-Parent
Mothers**



**Couples Under 65
Without Children**



**Couples 65
and Older**

Graph AB

The one family type that was the exception to the overall pattern for families was single-parent mothers under 65 with children under 18. That particular pie shows relatively few single-parent mothers with incomes of 125 percent or more of the poverty line. It also shows 75,000 single-parent mothers with incomes of less than half the poverty line and 157,000 mothers at 50 to 75 percent of the poverty line.

Under a hypothetical best-case scenario, with all families at 75 to 100 percent of the poverty line getting additional income and moving out of poverty, the number of poor families would have dropped from 1,187,000 to 668,000 in 1995 and the poverty rate would have fallen from 14.4 percent to 8.1 percent.

Under a worst-case scenario, with families at 100 to 125 percent of the poverty line falling into poverty, the number of poor families would have risen from 1,187,000 to 1,807,000, and the poverty rate would have gone up from 14.4 percent to 21.9 percent.

VI. POOR CANADIANS AND THEIR SOURCES OF INCOME

One measure of the financial plight of poor people is how far they live below the poverty line. Another is how their incomes compare to average incomes. Table 11 gives the average income of poor Canadians by family type in 1995, the average income of all Canadians by family type, and the relationship between the two. For example, unattached men under 65 who were poor had a total income of \$8,022 on average in 1995. The income of all unattached men under 65, both poor and non-poor, was \$27,398 on average. The average income of the poor amounted to 29 percent of the average income of all unattached men under 65.

TABLE 11

INCOMES OF THE POOR COMPARED TO AVERAGE INCOMES, 1995

Family Type	Average Income of Poor	Average Income of All	Income of Poor as Percentage of All
Unattached Men under 65	\$8,022	\$27,398	29%
Unattached Women under 65	\$8,271	\$23,474	35%
Unattached Men 65 and Older	\$12,184	\$23,763	51%
Unattached Women 65 and Older	\$12,422	\$18,741	66%
Childless Couples under 65	\$12,828	\$55,646	23%
Single-Parent Mothers under 65 with Children under 18	\$14,696	\$25,122	58%
Couples 65 and Older	\$17,905	\$38,861	46%
Couples under 65 with Children under 18	\$19,691	\$62,116	32%

The differences between the average incomes of the poor and all Canadians are sometimes striking. Poor couples under 65 with children under 18 had an average family income of \$19,691 in 1995, for example, while the average income of all couples with children under 18 was \$62,116 or three times as large.

The differences were much less in the case of unattached seniors and single-parent mothers, because average incomes were much less. The average income for poor single-parent mothers under 65 with children under 18 was \$14,696 in 1995, but the average income of all single-parent mothers was only \$25,122 - much less than average incomes for all husband-wife families.

Obviously, many poor Canadians rely on government programs of one kind or another to help make ends meet. In some cases, the amounts provided by governments are surprisingly modest, and the amounts provided by earnings and non-government sources of income are substantial. In other cases, especially in the case of poor seniors, governments provide a very large portion of total income.

Table 12 shows the average amount of transfer payments received by poor families and unattached individuals in 1995. Transfer payments include Canada and Quebec Pension Plan benefits, unemployment insurance, welfare, the federal Old Age Security pension and Guaranteed Income Supplement, the federal Child Tax Benefit and the federal GST credit. The Canada and Quebec Pension Plans and unemployment insurance are government-run programs, but the money comes from contributions by workers and employers, not from government.

The family types in the table are ranked according to the average size of the transfer payments, with the smallest amounts first. The second column gives the average incomes of poor families and unattached individuals from all sources - the same figures as in Table 11. The third column gives the percentage of total income from transfers.

Government programs of one kind or another provided less than half of total income for the first four family types, 70 percent of total income for single-parent mothers under 65 with children under 18, and 91 or 92 percent of total income for the three family types 65 or older.

TABLE 12
TRANSFER PAYMENTS TO THE POOR BY FAMILY TYPE, 1995

Family Type	Average Transfer Payment	Average Income from All Sources	Transfers as Percentage of Total Income
Unattached Men under 65	\$3,674	\$8,022	46%
Unattached Women under 65	\$3,682	\$8,271	45%
Childless Couples under 65	\$6,275	\$12,828	49%
Couples under 65 with Children under 18	\$8,448	\$19,691	43%
Single-Parent Mothers under 65 with Children under 18	\$10,233	\$14,696	70%
Unattached Women 65 and Older	\$11,248	\$12,422	91%
Unattached Men 65 and Older	\$11,265	\$12,184	92%
Couples 65 and Older	\$16,503	\$17,905	92%

Average transfer payments to poor families and unattached individuals were generally down in 1995. The average losses between 1994 and 1995 were: \$507 for poor unattached men under 65, \$556 for poor unattached women under 65, \$86 for poor childless couples under 65, \$619 for poor couples under 65 with children under 18, \$318 for poor single-parent mothers under 65 with children under 18, and \$293 for poor unattached senior men.

The losses may seem small in absolute terms, but they are relatively large when compared to the low incomes of poor Canadians. The loss of \$556 by poor unattached women under 65, for example, represents seven percent of their total average income of \$8,271.

The only family types to get higher transfer payments in 1995 were poor unattached senior women, with an average gain of \$65, and poor married couples 65 and older, with an average gain of \$674.

Senior Couples and Unattached Individuals

One reason that poverty rates for seniors have plummeted over the years has been the variety of government programs for seniors. Table 13 provides a closer look at these and other common sources of income for poor senior couples and poor unattached men and women 65 and older. For each family type, there are two columns. The first column indicates the percentage of poor families or unattached individuals with income from a particular source. The second column gives the average amount received by recipients only. Poor people who did not receive a particular type of income were not included in calculating the average amount of that type of payment.

TABLE 13

SOURCES OF INCOME FOR POOR SENIORS, 1995

Source of Income	Poor Couples 65 and Older (70,000)		Poor Unattached Men 65 and Older (56,000)		Poor Unattached Women 65 and Older (339,000)	
	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient
Old Age Pension and Guaranteed Income Supplement	93 %	\$10,979	99 %	\$7,569	97 %	\$8,115
Canada and Quebec Pension Plans	86 %	\$5,498	72 %	\$4,401	71 %	\$3,709
Investment Income	35 %	\$1,596	25 %	\$1,055	32 %	\$1,573
Provincial Supplements	27 %	\$3,637	19 %	\$1,170	23 %	\$1,414
Occupational Pension Plans	14 %	\$4,464	16 %	\$3,018	14 %	\$2,899
RRSPs	3 %	\$766	2 %	\$1,316	sample too small	
Income from All Sources	100 %	\$17,905	100 %	\$12,184	100 %	\$12,422

Almost all poor seniors got a sizable portion of their total incomes from the federal government's Old Age Security pension and Guaranteed Income Supplement. The reason the percentages are less than 100 percent is probably because some poor seniors were recent immigrants to Canada who did not meet the residence requirements of the programs. The maximum Old Age Security pension and Guaranteed Income Supplement for senior couples in 1995 was \$16,642, and the maximum for an unattached senior was \$10,264.

The second most important source of income, claimed by 86 percent of poor senior couples, 72 percent of poor unattached senior men and 71 percent of poor unattached senior women was benefits from the Canada Pension Plan or Quebec Pension Plan. The maximum retirement benefit under the two plans was \$8,558 in 1995, and the maximum survivor pension for a person 65 and older was \$5,135. The maximums relate to career earnings above the average wage. People who had lower earnings during their careers get lower benefits.

In recent years, the percentage of poor seniors who receive CPP or QPP benefits and the amounts they receive on average have increased markedly. The increases have offset declines in investment income, presumably due to lower interest rates, and they also made seniors less dependent on the Guaranteed Income Supplement. In turn, the drop in average GIS entitlements was good news for the federal government as it worked to reduce the size of the deficit.

Some poor seniors had income from investments in 1995, but the average amounts were modest.

The category provincial supplements refers to the supplements for low-income seniors given by some provincial governments. It also includes some welfare benefits for seniors in provinces that do not have supplements. The amounts provided by these programs vary greatly from province to province, and the amounts received were modest on average.

A fairly small proportion of poor seniors had income from occupational pension plans. Poor coverage has been a long-term problem of occupational pension plans, and Table 13 shows how little retirement income the plans provided to people who retired at the low end of the income scale.

Much the same could be said of income from RRSPs or registered retirement savings plans. Very few poor seniors got income from RRSP annuities in 1995. In the vast majority of cases, that is because they could not afford to contribute to RRSPs before they retired.

Families and Unattached Individuals Under 65

A different picture emerges when we look at sources of income for poor people under 65. Earned income is often the major source of income, although welfare and unemployment insurance benefits are also important. Details are provided in Table 14 on the next page.

Earnings were the single most important source of income in 1995 for four of the five family types listed in Table 14, and they were the second most important source of income for poor single-parent families led by women. Earnings were reported by 60 percent of poor unattached men under 65; 56 per cent of poor unattached women under 65; 61 percent of poor childless couples under 65; 81 percent of poor couples under 65 with children under 18; and 46 percent of poor single-parent mothers under 65 with children under 18.

The average amounts of earnings were noteworthy in all cases. The average of \$6,977 earned by poor single-parent mothers, for example, was equivalent to 35 weeks of work for 40 hours a week at a rate of \$5 an hour or 17½ weeks of full-time work at \$10 an hour.

The percentage of poor people under 65 with income from earnings has been declining more or less steadily since the last recession, but the trends are not clear for all family types, and some of the changes are subtle. The most disturbing drops occurred among poor couples under 65 with children under 18 and among poor single-parent mothers under 65. The percentage of poor couples with earnings was 89 percent in 1990, 84 percent in 1991, 83 percent in 1992, 77 percent in 1993 and 1994, and 81 percent in 1995. The percentage of poor single-parent mothers was down from 55 percent in 1990 to 46 percent in 1995.

TABLE 14

SOURCES OF INCOME FOR POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65, 1995

Source of Income	Unattached Men (541,000)		Unattached Women (458,000)		Couples without Children (197,000)		Couples with Children (393,000)		Single-Parent Mothers (323,000)	
	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient
Earnings	60%	\$6,612	56%	\$6,834	61%	\$8,825	81%	\$13,059	46%	\$6,977
Welfare	39%	\$5,807	33%	\$6,313	37%	\$8,288	35%	\$9,432	68%	\$9,629
Unemployment Insurance	13%	\$4,106	8%	\$3,835	17%	\$4,286	26%	\$5,136	12%	\$3,996
Investments	10%	\$1,151	13%	\$1,555	21%	\$2,161	20%	\$800	7%	\$2,323
Child Tax Benefit	---	---	---	---	---	---	100%	\$2,499	99%	\$2,153
Canada & Quebec Pension Plans	9%	\$5,183	14%	\$4,906	24%	\$5,661	5%	\$4,828	6%	\$5,278
Occupational Pension Plans	2%	\$4,453	5%	\$3,930	7%	\$6,498	2%	\$8,267	1%	\$4,481
Workers Compensation	2%	\$3,429	2%	\$4,995	6%	\$5,367	4%	\$6,884	2%	\$6,797
Child and/or Spousal Support	---	---	1%	\$3,898	---	---	2%	\$2,622	23%	\$3,745
Income from All Sources	100%	\$8,022	100%	\$8,271	100%	\$12,828	100%	\$19,691	100%	\$14,696

A sizable portion of each of the five family types received welfare during 1995. Welfare payments were reported by 39 percent of the poor unattached men under 65; 33 percent of the poor unattached women under 65; 37 percent of the poor childless couples under 65; 35 percent of the poor couples under 65 with children under 18; and 68 percent of the poor single-parent mothers under 65 with children under 18. Judging by the average amounts received, many of the poor unattached men and women and the poor single-parent families who received welfare were on welfare much of the year. Poor couples, with or without children, seem to have spent less time on welfare on average. As the National Council of Welfare reported in Welfare Incomes 1995, unattached people could have received provincial welfare and related benefits ranging between \$3,096 and \$7,897 a year, single parents with one child between \$9,192 and \$14,306, and couples with two children \$10,608 to \$18,422.⁵

The percentage of poor families and unattached individuals on welfare is up in recent years. The sharpest increase was among poor couples under 65 with children under 18 - from 23 percent in 1990 to 35 percent in 1995.

Unemployment insurance benefits were reported in 1995 by 13 percent of the poor unattached men under 65; eight percent of the poor unattached women under 65; 17 percent of the poor childless couples under 65; 26 percent of the poor couples under 65 with children under 18; and 12 percent of the poor single-parent mothers under 65 with children under 18. The average amounts received suggest that poor families or unattached people were on UI for fairly long periods of time. As of January 1, 1995, unemployment insurance replaced 60 percent of insurable earnings for beneficiaries with dependents and low earnings. The replacement rate was 55 percent of insurable earnings for all other workers.

Between seven and 21 percent of poor families and unattached individuals under 65 had income from investments, but the amounts received were modest.

The federal Child Tax Benefit was introduced in 1993 to replace Family Allowances, the refundable Child Tax Credit and the non-refundable credit for families with children under 18 who pay federal income tax. The maximum child tax benefit in most parts of Canada in 1995 was \$1,233 for each child under age seven and \$1,020 for each child seven through 17. The rates are somewhat different in Quebec and Alberta at the request of the two provincial governments.⁶

Canada and Quebec Pension Plan benefits were claimed by 14 percent of poor unattached women under 65, 24 percent of poor couples under 65 without children, and much smaller percentages of the three other family types. The Survey of Consumer Finances does not specify the type of benefit, but they could be people between 60 and 65 who took early retirement, widows or widowers who received survivor pensions from the plans, or people who got disability pensions. Similarly, people who got money from occupational pension plans could have received retirement, survivor or disability pensions.

Workers compensation was received by a very small percentage of poor families and unattached individuals. As in the case of pensions, however, it was an important source of income to the people who received it.

Finally, Table 14 shows that 23 percent of poor single-parent mothers under 65 received support payments in 1995, and the average amount received was \$3,745. One percent of poor unattached women under 65 and two percent of couples with children under 18 received support payments from previous marriages.

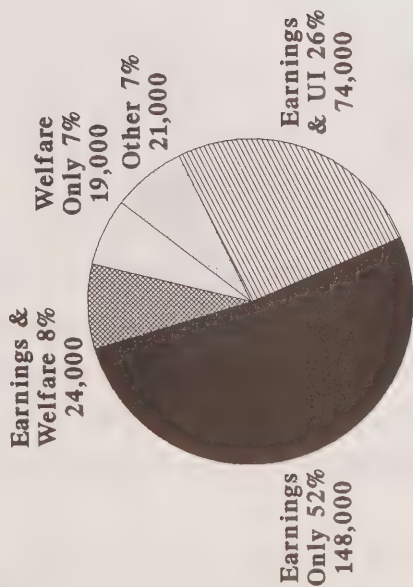
While the data in Table 14 are enlightening, they do not give a clear picture of typical combinations of income. Obviously, some poor people have only one main source of income and others have more than one.

The National Council of Welfare asked Statistics Canada to do special data tabulations to differentiate the poor families and unattached individuals in Table 14 according to their primary source or sources of income. Primary sources of income for people under 65 were assumed to be earnings, welfare and unemployment insurance.

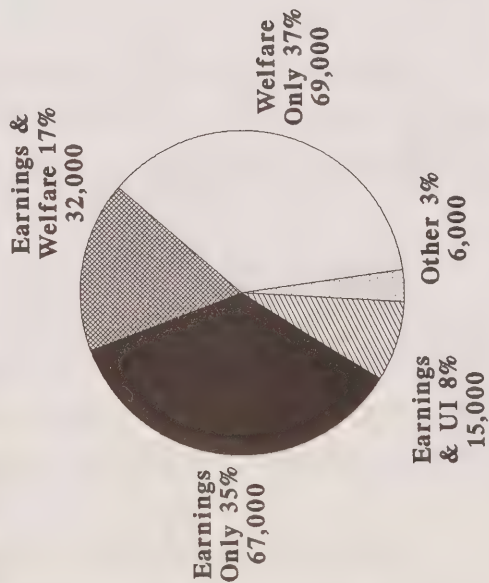
The result was a series of tables based on different combinations of income: earnings alone, welfare alone, earnings and welfare together, and earnings and UI together. Other possible combinations, such as welfare and UI but not earnings, produced breakdowns too small to be used.

The next two graphs show the distribution of poor families and unattached individuals by their primary sources of income in 1980 and 1995.

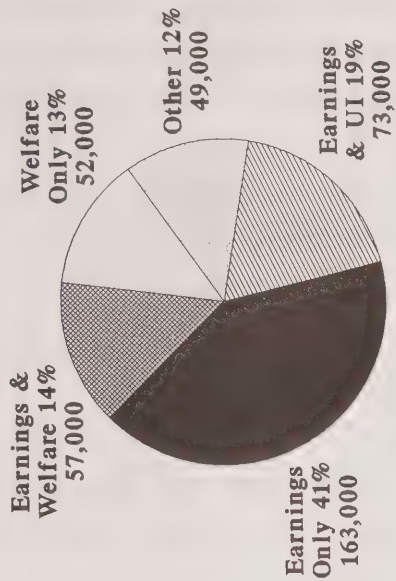
Primary Sources of Income for Poor Couples Under 65 With Children, 1980



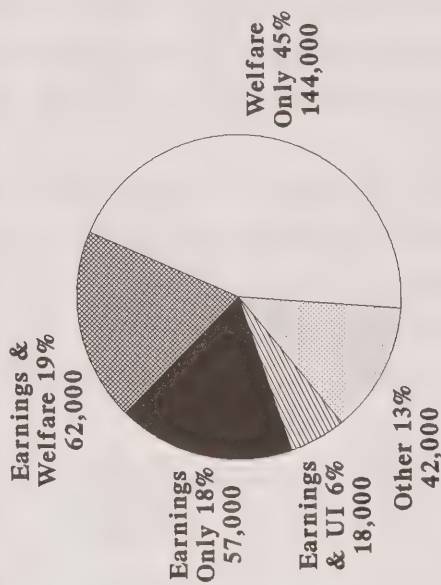
Primary Sources of Income for Poor Single-Parent Mothers Under 65, 1980



Primary Sources of Income for Poor Couples Under 65 With Children, 1995



Primary Sources of Income for Poor Single-Parent Mothers Under 65, 1995



Graph AC

The top half of Graph AC shows primary sources of income for poor couples under 65 with children under 18. The pie on the left represents primary sources of income in 1980, and the pie on the right does the same for 1995. The two pies in the bottom half of the graph show primary sources of income for poor single-parent mothers under 65 with children under 18.

The graph as a whole shows a distinct shift away from earnings and in favour of welfare between 1980 and 1995. For poor couples with children, the size of the three slices of the pie containing earnings - earnings only, earnings and welfare, and earnings and UI - dropped from a total of 86 percent in 1980 to 74 percent in 1995, while the slice for welfare only increased from seven percent of the pie in 1980 to 13 percent in 1995.

Poor single-parent mothers were caught up in similar trends. The three earnings slices of the pie added up to 60 percent in 1980 and only 43 percent in 1995. The welfare slice of the pie increased from 37 percent in 1980 to 45 percent in 1995.

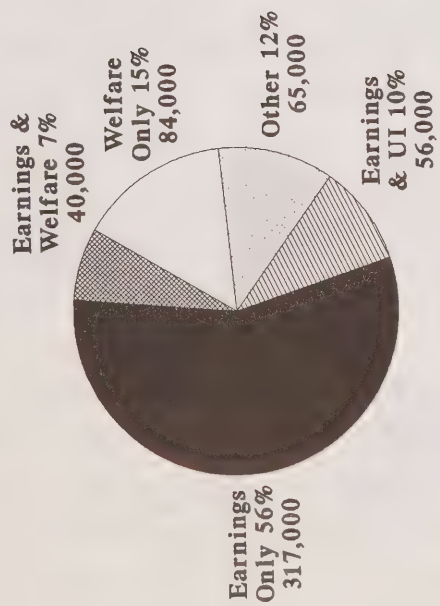
Graph AD on the next page shows primary sources of earnings for poor unattached individuals under 65 and poor childless couples under 65 in 1980 and 1995. Once again, the slices of the pie containing earnings got smaller from 1980 to 1995, and the welfare slices got bigger.

Stepping back for a broader look at Graph AC and Graph AD, it is clear that a majority of poor families and unattached individuals under 65 had ties to the paid labour force, and a relatively small number of poor people were dependent on welfare alone.

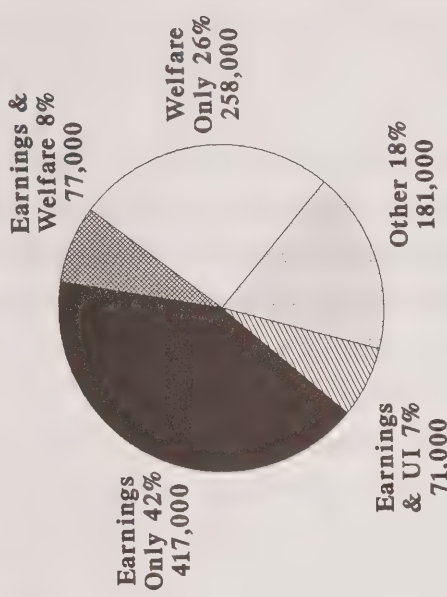
It is important to remember that the data in the graph are primary sources of income only for 1995. They do not tell us how the families and unattached individuals fared in other years. Some of the people who relied on welfare as their primary source of income, for example, could have been temporarily down on their luck and were unable to find paying jobs only in 1995. Others could have been dependent on welfare for periods of time longer than one year.

Similarly, the data do not indicate the way in which different sources of income were received. Some of the poor people who relied on earnings and unemployment insurance no doubt started 1995 with paying jobs and were forced to fall back on UI during the course of the year. Others started the year on UI and subsequently found new jobs.

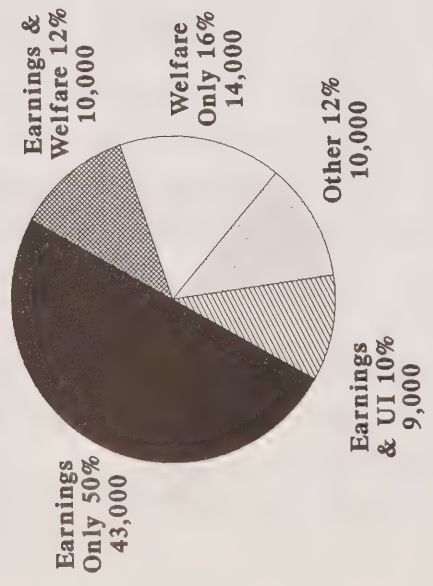
Primary Sources of Income for Poor Unattached Individuals Under 65, 1980



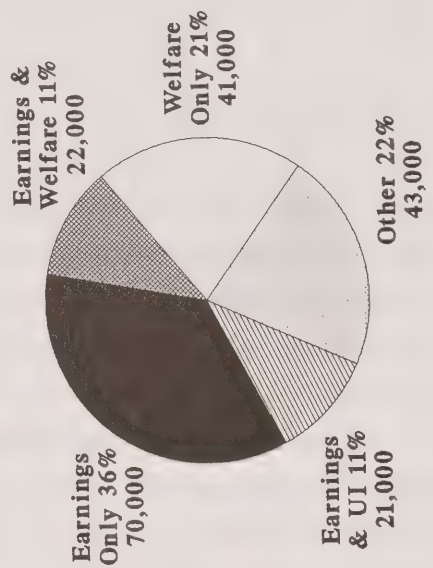
Primary Sources of Income for Poor Unattached Individuals Under 65, 1995



Primary Sources of Income for Poor Childless Couples Under 65, 1980



Primary Sources of Income for Poor Childless Couples Under 65, 1995



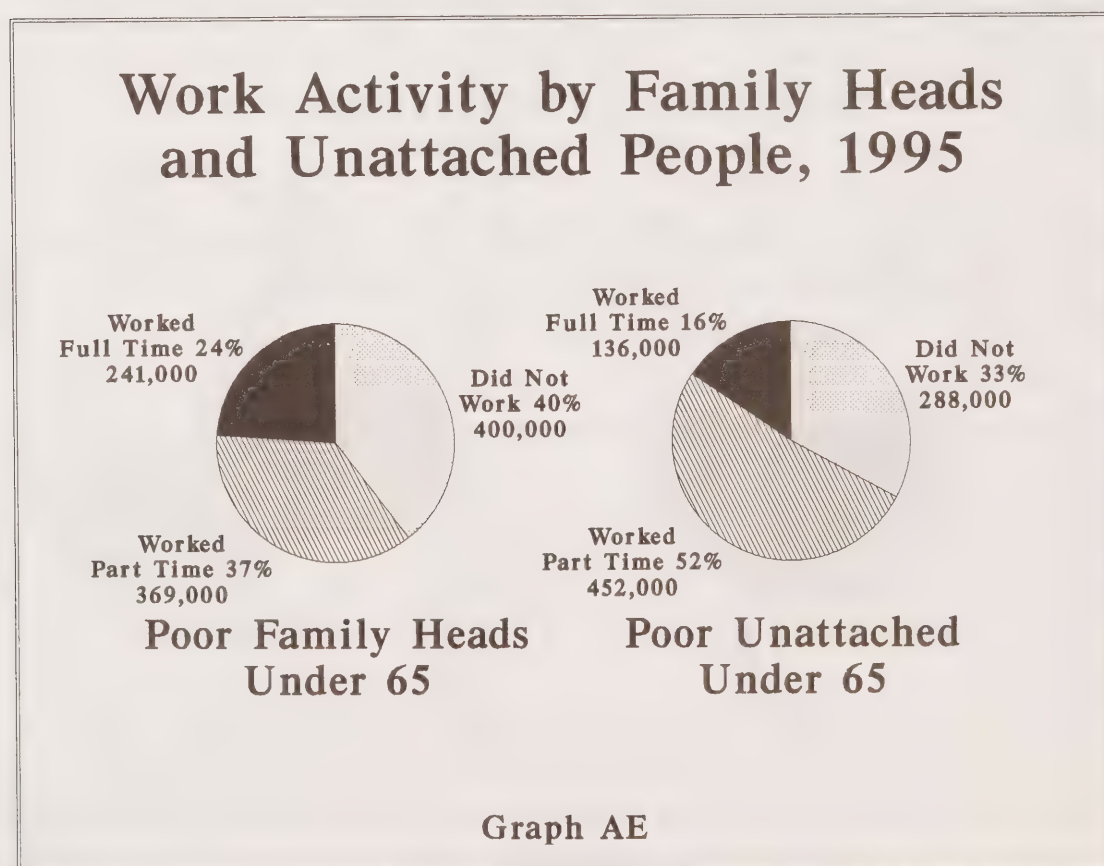
Graph AD

VIII. A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST

The Low-Wage Poor

The low-wage poor or "working poor" are poor people who are normally in the labour force. Some researchers reserve the term for poor people who have full-time jobs for virtually the entire year. Others include poor people who have strong ties to the labour market regardless of the number of weeks worked or the normal hours of work each week.⁷

Graph AE gives a breakdown of poor family heads and unattached individuals who worked full time or part time or did not work at all for wages during 1995. In these calculations, Statistics Canada excluded family heads and unattached individuals 65 and older, as well as younger people who reported that they were permanently unable to work.



Full time means the person worked at least 49 weeks during the year and the normal work week was 30 hours or more. Part time means the person worked less than 49 weeks a year or less than 30 hours a week.

Overall, 24 percent of poor family heads under 65 worked full time in 1994, 37 percent worked part time, and the remaining 40 percent did not work at all for wages. Among poor unattached individuals under 65, 16 percent worked full time, 52 percent worked part time, and the other 33 percent did not work at all for wages.

Another way to define the low-wage poor is families and unattached individuals living below the poverty line who get at least half of their total income from employment. This definition puts aside the distinction between full-time and part-time work and focuses on poor people who spend a substantial part of the year in paid jobs.

Using this definition, Statistics Canada identified a total of 424,000 families with heads under 65 and 461,000 unattached individuals under 65 who made up the low-wage poor in 1995. Table 15 gives the details for the five main family types under 65. As in Graph AE, the table excludes people permanently unable to work.

Earnings were the most important source of income for a sizable portion of four of the five family types shown. Fifty-four percent of the poor unattached men under 65, 51 percent of the poor unattached women, 45 percent of the poor couples without children and 56 percent of the poor couples with children were working poor. The exception to the rule was single-parent mothers. Only 20 percent of the poor single-parent mothers under 65 with children under 18 got half or more of their total income from earnings.

The lower part of Table 15 shows the average incomes of the low-wage poor and the importance of their earnings. Average earnings for unattached men and women, for example, were the equivalent of 43 to 45 weeks of work at \$5 an hour for 40 hours a week. Average earnings for families were substantially higher, suggesting that family heads either received higher wage rates or had a second wage-earner in the family.

TABLE 15

**POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65
WITH EARNINGS OF 50 PERCENT OR MORE OF TOTAL INCOME, 1995**

	Unattached Men	Unattached Women	Childless Couples	Couples with Children	Single-Parent Mothers
Total Number of Poor Families or Unattached People*	468,000	408,000	171,000	377,000	313,000
Number with Earnings of 50 Percent or More of Total Income	251,000	210,000	77,000	210,000	63,000
Percentage with Earnings of 50 Percent or More of Total Income	54%	51%	45%	56%	20%
Average Annual Earnings	\$7,932	\$7,861	\$11,812	\$16,744	\$11,978
Average Income from Sources Other than Earnings	\$1,026	\$783	\$1,771	\$4,597	\$4,073
Average Total Income	\$8,958	\$8,644	\$13,583	\$21,341	\$16,051
Earnings as a Percentage of Total Income	89%	91%	87%	78%	75%

* The table excludes people 65 and older and people permanently unable to work.

The table also suggests that few low-wage poor families or unattached people relied very much on welfare or unemployment insurance, since the average amounts of income aside from earnings were small. Probably most of the other income came from programs such as the federal GST credit or federal Child Tax Benefit.

Although the figures were limited to poor people with earnings that amounted to at least half of total income, the last row of the table shows that a much larger portion of total income typically came from earnings. Earnings accounted for between 75 percent and 91 percent of total income for the different family types.

In recent years, the number of working poor families and unattached individuals under 65 has been growing, but not as fast as the number of poor people who are able to work. Between 1989 and 1995, for example, the number of poor couples under 65 with children under 18 rose by 58 percent, from 239,000 families to 377,000 families. The number of working poor couples with children rose only 38 percent, from 152,000 families to 210,000 families.

Children

Child poverty rates are a reflection of parental poverty rates and tend to rise or fall as economic conditions deteriorate or improve. The most striking difference year after year is the huge gulf between poverty rates for children in two-parent families and rates for children of single-parent mothers. There are also important differences from province to province.

Table 16 gives the 1995 poverty rates and the number of children living in poverty by family type and province. The category poor children in all family types includes a small number of children who do not fall into either of the two main family types listed. The national total of 1,441,000 poor children, for example, included 80,000 poor children under 18 living in less common family circumstances. Some of them lived with single-parent fathers under 65, parents who were 65 or older, or relatives other than parents.

The overall poverty rate for children rose from 19.1 percent in 1994 to 20.5 percent in 1995, and the number of poor children rose from 1,334,000 to 1,441,000, the highest in 16

years. The lowest provincial child poverty rate was 14.2 percent in Prince Edward Island, and the highest was 26 percent in Newfoundland. The national poverty rate for poor children in two-parent families was 13.5 percent, and provincial rates went from a low of 8.6 percent in P.E.I. to a high of 19.9 percent in Newfoundland. The poverty rates for children of single-parent mothers were abysmally high. The national rate was 62.2 percent, and the range was from 55.1 percent in British Columbia to 77.5 percent in Newfoundland.

TABLE 16
CHILDREN UNDER 18 LIVING IN POVERTY, 1995

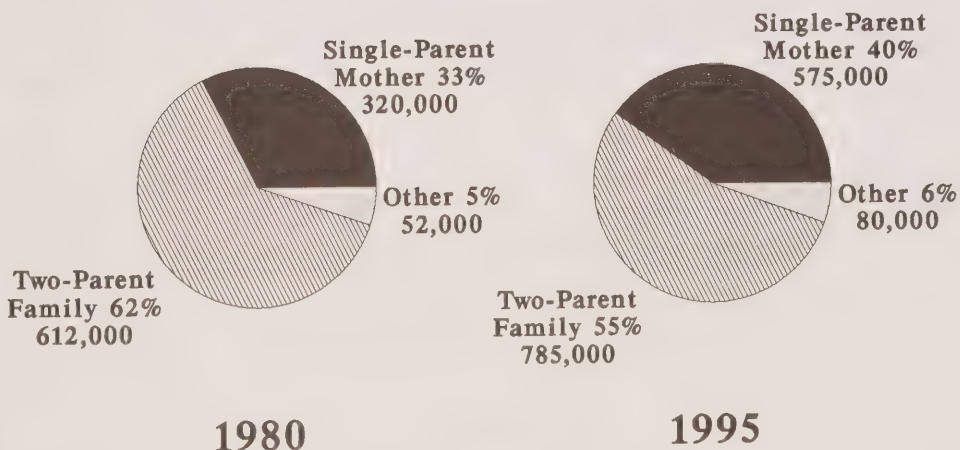
	Poor Children in All Family Types		Poor Children of Two-Parent Families under 65		Poor Children of Single-Parent Mothers under 65	
	Number of Children	Poverty Rate	Number of Children	Poverty Rate	Number of Children	Poverty Rate
Newfoundland	36,000	26.0%	24,000	19.9%	11,000	77.5%
Prince Edward Island	5,000	14.2%	3,000	8.6%	2,000	60.0%
Nova Scotia	47,000	21.6%	21,000	11.7%	25,000	73.6%
New Brunswick	42,000	23.9%	21,000	14.7%	18,000	75.2%
Quebec	358,000	21.4%	205,000	15.0%	133,000	56.1%
Ontario	502,000	19.0%	261,000	11.7%	213,000	62.9%
Manitoba	61,000	22.4%	35,000	15.4%	21,000	66.2%
Saskatchewan	57,000	21.6%	34,000	15.0%	21,000	62.9%
Alberta	154,000	21.4%	80,000	13.2%	67,000	72.9%
British Columbia	178,000	20.5%	104,000	14.6%	65,000	55.1%
Canada	1,441,000	20.5%	785,000	13.5%	575,000	62.2%

Between 1994 and 1995, poverty rates for children rose in every province except Saskatchewan. British Columbia's child poverty rate of 20.5 percent tied a modern-day record for the province that was set in 1993.

One of the long-standing myths about child poverty is that most poor children live in single-parent households. Table 16 shows that this is not the case for Canada as a whole. In 1995, 785,000 poor children lived in two-parent families under 65, while 575,000 poor children lived in single-parent families headed by women under 65. The province that proved to be the exception to the norm was Nova Scotia. Poor children living with single-parent mothers outnumbered poor children in two-parent families 25,000 to 21,000 in Nova Scotia in 1995.

Nonetheless, the proportion of poor children living with single-parent mothers has grown substantially in recent years. As Graph AF shows, 33 percent of all poor children in 1980 lived in families headed by single-parent mothers, and most of the rest lived in two-parent families. In 1995, the percentage of poor children with single-parent mothers was up to 40 percent and the percentage living with both parents was down to 55 percent.

Poor Children By Family Type, 1980 and 1995

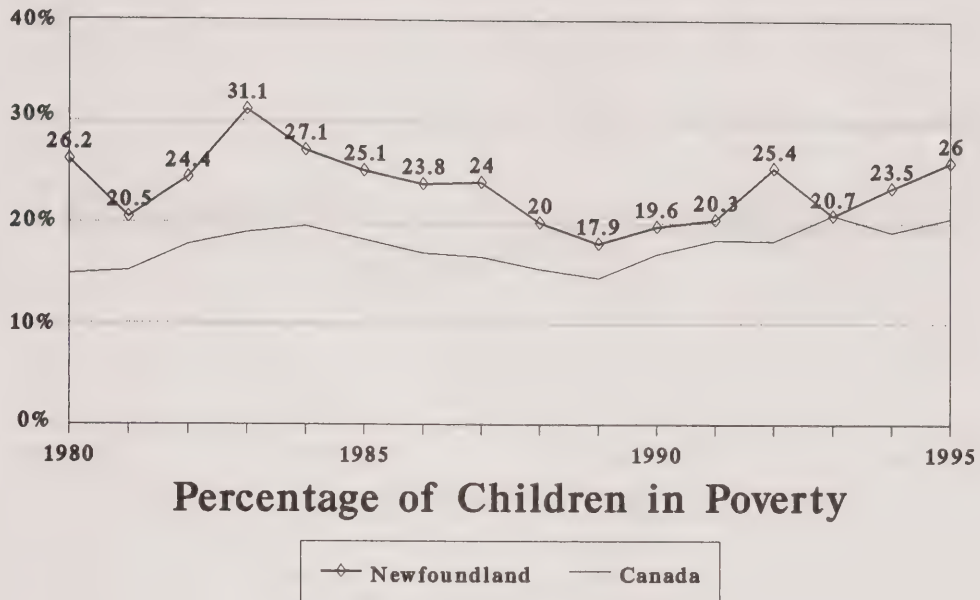


Graph AF

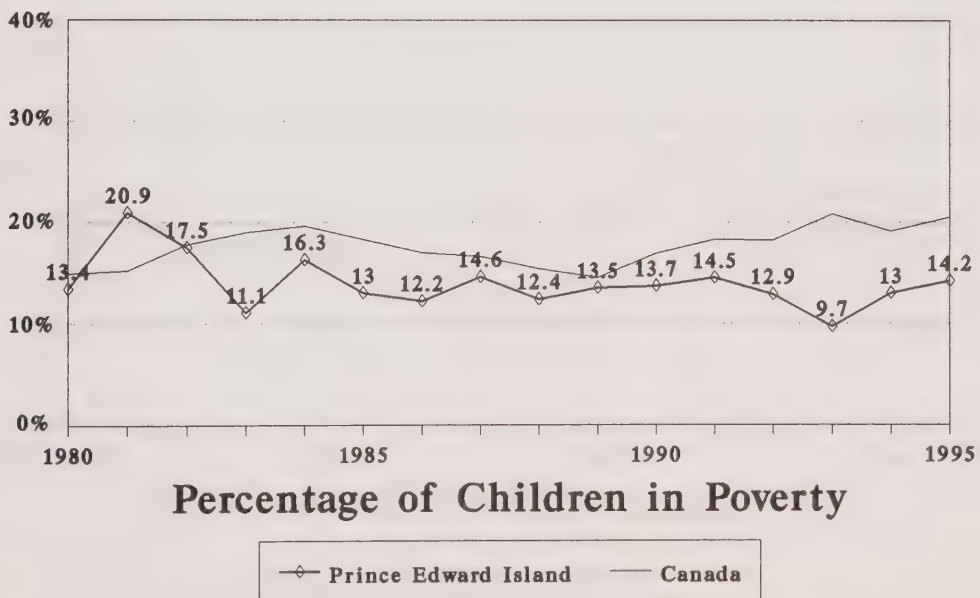
Provincial trends in child poverty are shown in the graphs on the following five pages. Each graph gives overall child poverty rates from 1980 through 1995. For purposes of comparison, each graph also contains a line without percentages that traces the national child poverty rate.

Prince Edward Island and Ontario had child poverty rates that were below average for most of the period. Newfoundland, Quebec, Manitoba and Saskatchewan were generally higher than average. Rates in Nova Scotia, New Brunswick, Alberta and British Columbia were mixed.

Newfoundland

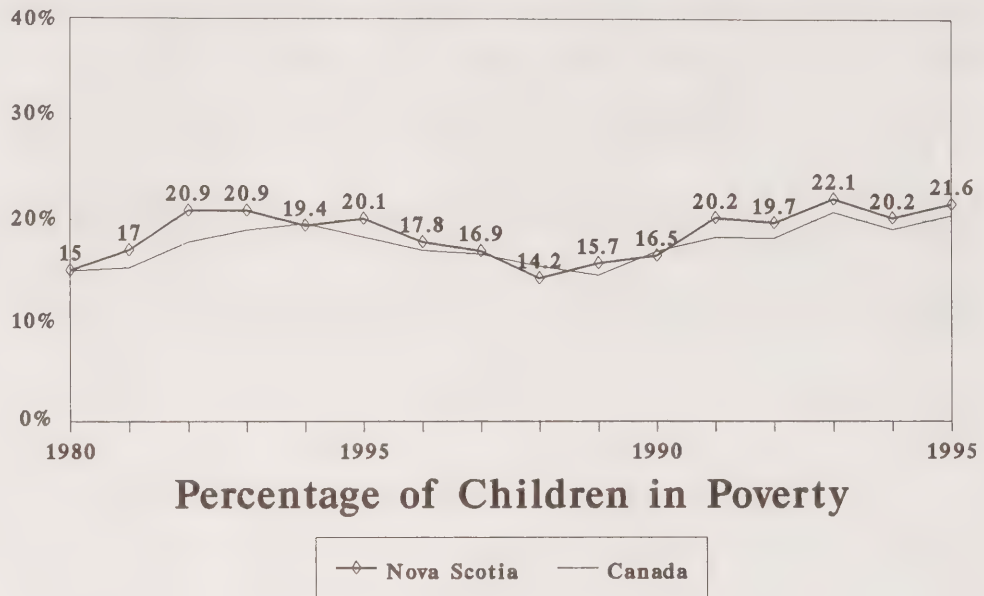


Prince Edward Island

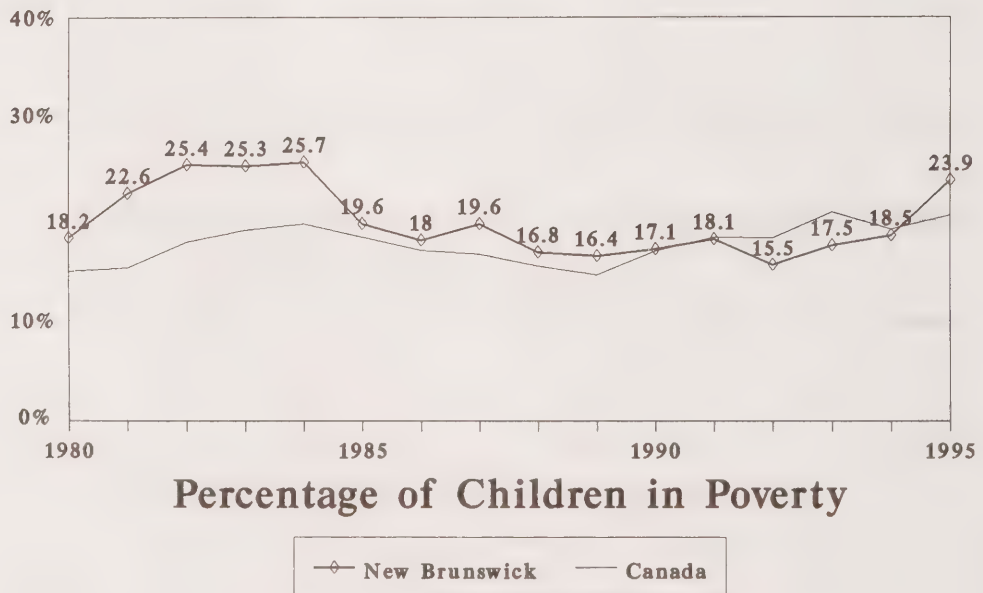


Graph AG

Nova Scotia

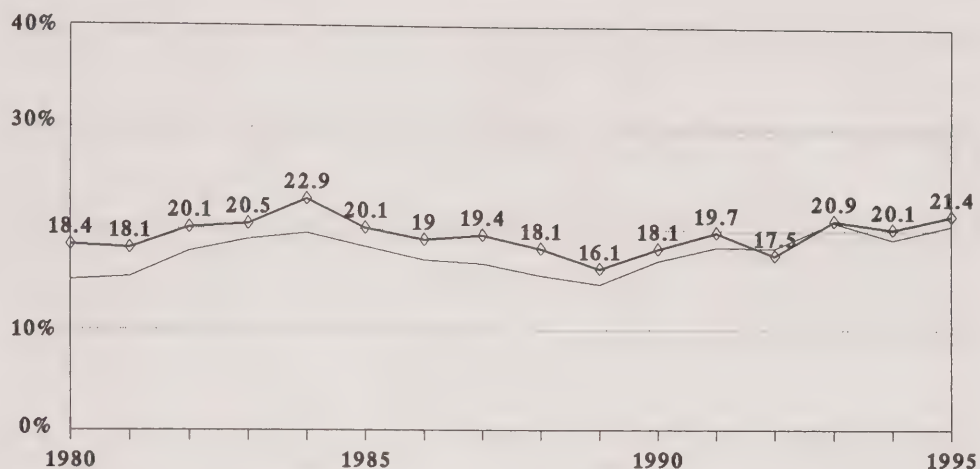


New Brunswick



Graph AH

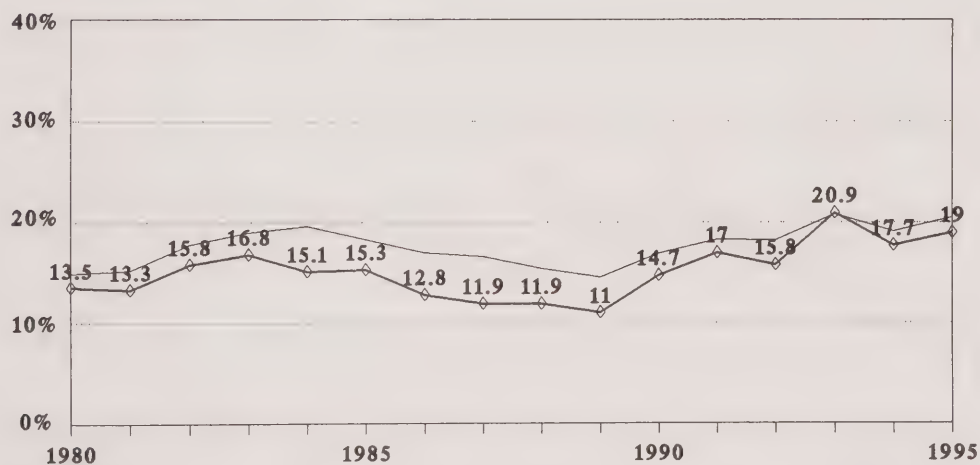
Quebec



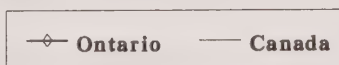
Percentage of Children in Poverty



Ontario

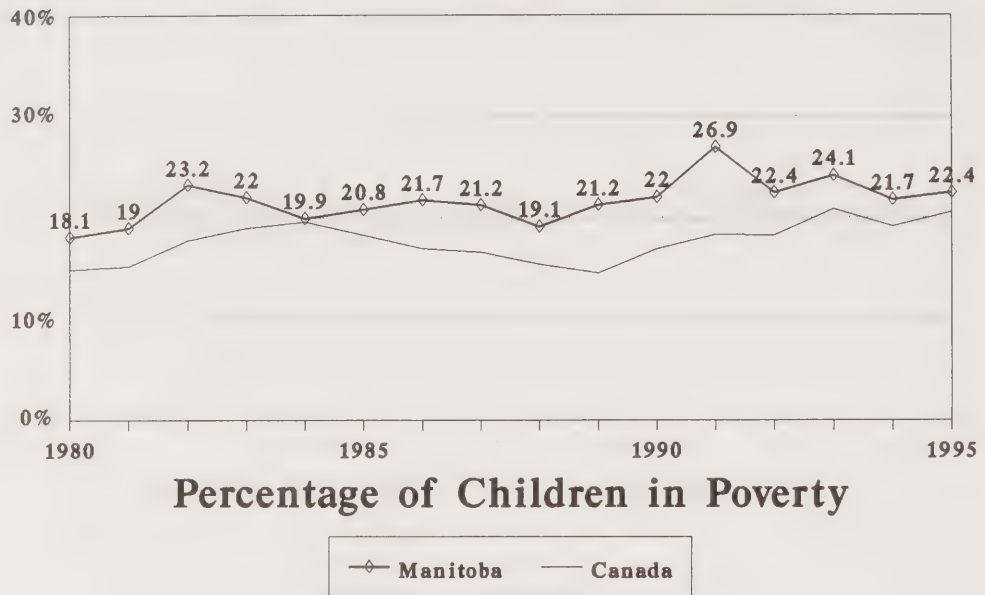


Percentage of Children in Poverty

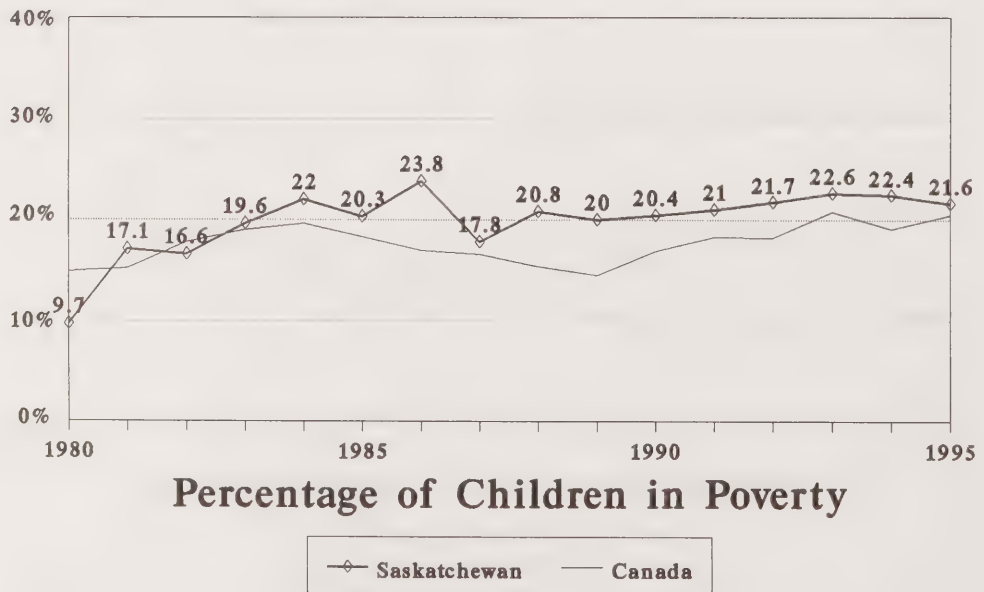


Graph AI

Manitoba

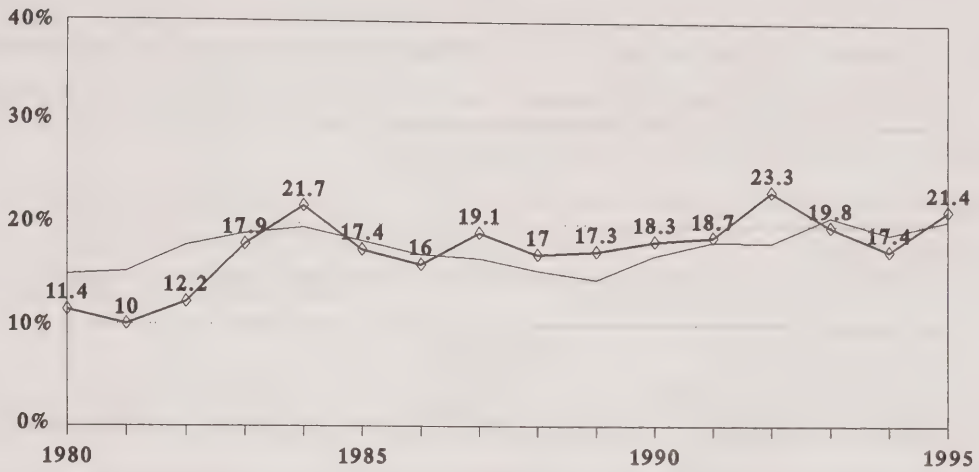


Saskatchewan



Graph AJ

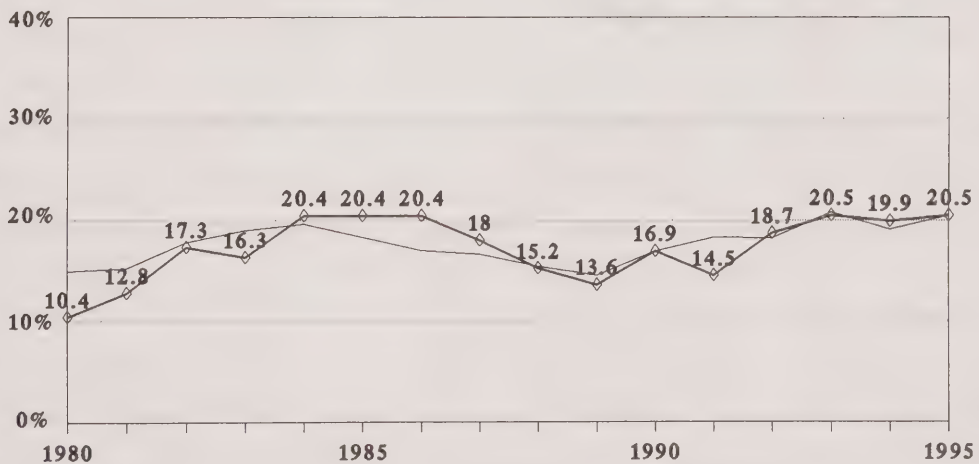
Alberta



Percentage of Children in Poverty

—◇— Alberta — Canada

British Columbia



Percentage of Children in Poverty

—◇— British Columbia — Canada

Women

As we showed earlier, women face a significantly higher risk of poverty than men. Table 17 gives the poverty rates for women and men age 18 and older for the years 1980 through 1995, and ratio of female to male rates each year.

TABLE 17
TRENDS IN POVERTY AMONG WOMEN AND MEN 18 AND OLDER

	Women		Men		Ratio of Female to Male Poverty Rates
	Poverty Rate	Number of Poor	Poverty Rate	Number of Poor	
1980	18.0%	1,565,000	12.7%	1,058,000	1.42
1981	17.8%	1,567,000	12.6%	1,063,000	1.40
1982	18.1%	1,624,000	13.6%	1,160,000	1.33
1983	20.1%	1,836,000	15.4%	1,334,000	1.30
1984	19.7%	1,817,000	14.9%	1,304,000	1.31
1985	18.8%	1,754,000	14.0%	1,240,000	1.34
1986	17.7%	1,677,000	13.4%	1,197,000	1.31
1987	17.4%	1,673,000	12.9%	1,176,000	1.34
1988	17.1%	1,664,000	11.7%	1,081,000	1.46
1989	15.5%	1,534,000	10.7%	1,001,000	1.45
1990	16.2%	1,622,000	11.3%	1,079,000	1.43
1991	17.3%	1,767,000	12.7%	1,234,000	1.36
1992	17.4%	1,804,000	13.1%	1,289,000	1.33
1993	18.5%	1,949,000	13.9%	1,398,000	1.33
1994	18.1%	2,011,000	13.4%	1,434,000	1.35
1995	18.2%	2,059,000	14.3%	1,556,000	1.27

In 1980, the poverty rate for adult women was 18 percent, the rate for adult men was 12.7 percent, and the rate for women was 1.42 times the rate for men. In 1995, the poverty rate for women was 18.2 percent, the rate for men was 14.3 percent and the ratio between the sexes was 1.27.

The year-to-year poverty rates for women and men tend to follow the ups and downs in the economy. The gap between the sexes appears to narrow slightly in tough economic times, but the changes in the ratio are small.

Most of the differences between the sexes can be explained by the high poverty rates of three family types: unattached women under 65, unattached women 65 and older, and single-parent mothers under 65 with children under 18. The 1995 poverty rate for unattached women under 65 was 38.7 percent, compared to 33.2 percent for unattached men under 65. For unattached seniors, the poverty rates were 43.4 percent for women and 21.3 percent for men. Single-parent families led by women with children under 18 had a poverty rate of 57.2 percent in 1995, a rate many times higher than the rates for married couples.

Aside from these three high-risk groups of women, there were no significant differences in the poverty rates for adult women and men. The vast majority of families are husband-wife families, and the poverty rates for husbands and wives are identical in all these cases.

In younger husband-wife families, one fact that deserves special mention is the role women play in keeping their families out of poverty through their earnings. Although women earn less on average than men and face a number of barriers to equal participation in the labour force, their contribution is essential in keeping family poverty rates low.

To get a better idea of the importance of the earnings of married women, we asked Statistics Canada to take its 1995 income data on husband-wife families under age 65, subtract the earnings of the wives, and calculate hypothetical poverty rates for families with the wives' earnings removed. The results appear in Table 18.

The actual 1995 poverty rate for all husband-wife families under age 65 was 10.8 percent, and a total of 627,000 families were living in poverty. With the earnings of wives removed and everything else remaining the same, the poverty rate would have jumped to 21.9

percent, and the number of families living in poverty would have more than doubled to 1,268,000.

The pattern was more or less the same across the country. If wives had stayed out of the paid labour force in 1995 and everything else had stayed the same, poverty rates and the number of poor families would have been much higher in all provinces.

TABLE 18

**POVERTY RATES FOR HUSBAND-WIFE FAMILIES UNDER AGE 65,
WITH AND WITHOUT THE EARNINGS OF WIVES, 1995**

	Percentage of Families Who Were Poor in 1995	Percentage of Families Who Would Have Been Poor Without the Earnings of Wives
Newfoundland	17.4%	26.3%
Prince Edward Island	6.5%	17.6%
Nova Scotia	10.8%	19.9%
New Brunswick	12.1%	22.3%
Quebec	12.9%	24.7%
Ontario	9.2%	19.2%
Manitoba	10.5%	24.5%
Saskatchewan	11.2%	23.9%
Alberta	10.7%	24.8%
British Columbia	10.2%	20.5%
Canada	10.8%	21.9%

Seniors

Table 19 on the next page gives the poverty rates for senior men and women in each province in 1980, 1994 and 1995, and the changes between 1980 and 1995. Over the years, the poverty rates for seniors have fallen dramatically, and many of the figures for 1995 were record lows or near-record lows.

In all provinces, the long-term decline in poverty among senior men was sharper than the decline in poverty among senior women. And in all provinces, the 1995 poverty rates for men were well below the 1995 rates for women.

Between 1994 and 1995, poverty rates for senior men were down in Nova Scotia, Quebec, Saskatchewan and Alberta. Poverty rates for senior women were down in all provinces except Prince Edward Island, Nova Scotia, Quebec and Ontario.

The increases reported from 1994 to 1995 were presumably temporary reversals in the long-term downward trend in poverty rates among seniors.

As in past years, the poverty rates among Quebec women and men 65 and older were strikingly higher than the rates in most other provinces. The main reason for the disparity seems to be that Quebec is the only large province that does not have a provincial income supplement for low-income seniors.

TABLE 19

POVERTY RATES FOR MEN AND WOMEN 65 AND OLDER BY PROVINCE

	Men				Women			
	1980	1994	1995	% Change 1980-1995	1980	1994	1995	% Change 1980-1995
Newfoundland	27.6	5.7	6.6	-76%	36.9	19.5	13.7	-63%
Prince Edward Island	33.7	4.4	5.6	-83%	52.7	11.1	14.8	-72%
Nova Scotia	22.8	7.8	5.3	-77%	31.5	12.2	15.7	-50%
New Brunswick	22.1	8.1	8.8	-60%	34.2	17.3	14.0	-59%
Quebec	33.7	17.9	15.4	-54%	46.2	30.9	32.5	-30%
Ontario	24.0	6.6	8.9	-63%	34.3	18.2	19.7	-43%
Manitoba	23.8	10.3	10.3	-57%	41.2	28.8	22.2	-46%
Saskatchewan	28.1	5.6	3.3	-88%	49.0	13.5	12.6	-74%
Alberta	25.2	10.9	7.5	-70%	38.8	19.4	15.3	-61%
British Columbia	29.6	9.0	10.1	-66%	32.7	26.4	20.4	-38%
Canada	27.3	10.1	10.2	-63%	38.4	22.6	22.1	-42%

CONCLUSION

Most of the poverty statistics for 1995 came as a shock to the National Council of Welfare. In a year when poverty should have remained stable or declined slightly, the rates actually rose for many groups of Canadians.

Poverty rates for Canadians under 65 have traditionally risen and fallen with changes in the economic cycle. What is particularly alarming about the 1995 figures is the fact that poverty rates continued to climb even as the economy continued its recovery from the last recession.

We will be monitoring the situation closely in hopes that the increases in poverty in 1995 could turn out to be an aberration. The fact remains, however, that the poverty rates of recent years have been noticeably and consistently higher than the poverty rates just prior to the last recession.

We also concerned about the emerging trends in earnings and transfer payments from government programs. If these trends continue, we fear that it could next to impossible to mount any effective campaign against poverty.

One reason the plight of many poor Canadians has worsened is the meagre opportunities in the low-wage part of the economy. The number of "working poor" Canadians who get 50 percent or more of their total incomes from earnings has grown in recent years, but the ranks of the poor overall have grown even faster.

The other emerging trend of great concern to the National Council of Welfare is the decline in the income support provided by government programs of one kind or another.

The drop in government transfer payments to individuals in 1995 came amid modest cuts in unemployment insurance and more substantial cuts in some provincial welfare programs. Since 1995, there have been further cuts in UI, a campaign to squeeze recipients and potential recipients of disability pensions provided by the Canada Pension Plan, and further cuts or freezes in some provincial and territorial welfare programs.

Even more disconcerting is the prospect of further cuts in welfare programs as a result of the federal government's decision to replace the Canada Assistance Plan with the Canada Health and Social Transfer as of April 1, 1996. Along with the switch to this new form of financing for medicare and post-secondary education as well as welfare and social services are major cuts in federal support for these programs collectively. The 1996 budget speech outlined cuts in federal cash transfers for these programs of \$3.5 billion during the 1996-97 fiscal year and \$6 billion during the 1997-98 fiscal year for a total loss of \$9.5 billion over two years.

Cuts in federal spending on social programs, combined with cuts in provincial and territorial spending, raise the prospect of ever-increasing rates of poverty for 1996 and the years that follow. We hope that the 1995 poverty statistics will serve as a wake-up call to governments at all levels to take up the fight against poverty in earnest.

FOOTNOTES

1. Statistics Canada, Income Distributions by Size in Canada, 1995 (Catalogue No. 13-207-XPB), p. 19.
2. See the Economic Council of Canada publication The New Face of Poverty: Income Security Needs of Canadian Families.
3. The methodology used to set the 1992 base low income cut-offs is the same. However, the 1992 survey data estimated average expenditures on food, shelter and clothing at 34.7 percent of total income, so it was assumed that low-income people would spend 54.7 percent or more of their incomes on necessities.
4. Some of the information for Graph A comes from Chapter 2 of The Canadian Fact Book on Poverty - 1994 by David P. Ross, E. Richard Shillington and Clarence Lochhead, published by the Canadian Council on Social Development, and the 1996 edition of Poverty in Canada written by Christopher A. Sarlo and published by the Fraser Institute. Some of the poverty lines were originally calculated for earlier years and were updated by the CCSD or the National Council of Welfare.
5. The income ranges were taken from Table 5 of Welfare Incomes 1995. They are made up of provincial welfare and other provincial benefits. The ranges do not include welfare and related benefits in Yukon or the Northwest Territories.
6. Payments in Alberta varied with the age of the child, and payments in Quebec varied with the age of the child and the number of children in a family.
7. For a very strict definition of the term, see The Canadian Fact Book on Poverty - 1994, p. 75. For a very loose definition, see the study commissioned by the Canadian Advisory Council on the Status of Women entitled Women and Labour Market Poverty by Morley Gunderson and Leon Muszynski with Jennifer Keck, pp. 57-61.

APPENDIX A

STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1996

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	16,061	14,107	13,781	12,563	10,933
2	21,769	19,123	18,680	17,027	14,823
3	27,672	24,307	23,744	21,644	18,839
4	31,862	27,982	27,338	24,922	21,690
5	34,811	30,574	29,868	27,228	23,699
6	37,787	33,185	32,420	29,554	25,724
7+	40,640	35,696	34,872	31,789	27,668

NATIONAL COUNCIL OF WELFARE ESTIMATES OF STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1997*

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	16,318	14,333	14,001	12,764	11,108
2	22,117	19,429	18,979	17,299	15,060
3	28,115	24,696	24,124	21,990	19,140
4	32,372	28,430	27,775	25,321	22,037
5	35,368	31,063	30,346	27,664	24,078
6	38,392	33,716	32,939	30,027	26,136
7+	41,290	36,267	35,430	32,298	28,111

* based on estimate of 1.6 percent inflation in 1997

APPENDIX B

REGIONAL POVERTY STATISTICS, 1995

	Atlantic		Quebec		Ontario		West	
	Number of Poor	Poverty Rate	Number of Poor	Poverty Rate	Number of Poor	Poverty Rate	Number of Poor	Poverty Rate
Single-Parent Mothers under 65 With Children under 18	34,000	73.4 %	76,000	51.7 %	120,000	57.3 %	93,000	57.4 %
Unattached Women under 65	29,000	47.8 %	153,000	42.6 %	134,000	33.7 %	144,000	38.9 %
Unattached Men under 65	36,000	40.3 %	181,000	41.0 %	173,000	30.1 %	153,000	28.8 %
Unattached Women 65 and Older	18,000	30.2 %	122,000	60.6 %	118,000	41.0 %	82,000	34.9 %
Unattached Men 65 and Older	3,000	16.4 %	19,000	28.3 %	17,000	18.9 %	17,000	19.7 %
Couples under 65 With Children under 18	37,000	13.9 %	111,000	14.4 %	129,000	10.8 %	117,000	12.9 %
Childless Couples under 65	18,000	12.1 %	69,000	13.9 %	60,000	9.2 %	50,000	8.4 %
Couples 65 and Older	2,000	3.3 %	28,000	13.4 %	22,000	6.2 %	17,000	6.0 %

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The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

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Poverty Profile 1996

A Report by the
National Council of Welfare



Spring 1998

Canada

POVERTY PROFILE 1996

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National Council of Welfare**

Spring 1998

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TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
I. METHODOLOGY AND DEFINITIONS	4
II. RECENT POVERTY TRENDS	10
Poverty Trends for Individual Canadians	10
Poverty Trends for Families and Unattached Individuals	15
III. VIEW FROM THE PROVINCES	21
IV. SNAPSHOTS OF POVERTY IN 1996	33
Family Type	33
Additional Differences by Age, Sex and Family Type	35
Work Activity	38
Number and Age of Children	41
Education	43
Homeowners and Renters	47
Year of Immigration	49
Area of Residence	50
V. DEPTH OF POVERTY AND THE POVERTY GAP	52
VI. POOR CANADIANS AND THEIR SOURCES OF INCOME	61
Senior Couples and Unattached Individuals	64
Families and Unattached Individuals under 65	66
VII. A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST	73
The Low-Wage Poor	73
Children	76
Women	85
Seniors	88
CONCLUSION	90
FOOTNOTES	92
APPENDIX A: POVERTY LINES FOR 1997 AND 1998	93
APPENDIX B: REGIONAL POVERTY STATISTICS, 1996	94

SUMMARY

The United Nations designated 1996 the International Year for the Eradication of Poverty. Sadly, poverty statistics for 1996 show that Canada came nowhere near to meeting that goal.

Instead, the statistics show that in 1996, five years after the last recession, 5,190,000 Canadian children, women and men lived in poverty. While the rest of the economy enjoyed modest growth year after year, the overall poverty rate inched up to 17.6 percent. In 1989, the House of Commons resolved to eradicate child poverty by 2000. Only four years before that target date, child poverty had risen to 20.9 percent, the highest rate in 17 years.

Particularly disturbing were higher poverty rates for families headed by people under age 65. The 1996 poverty rate for all types of families of all ages was 14.8 percent. The poverty rate for married couples under 65 with children under 18 was 11.9 percent, and the rate for couples under 65 without children was 10.3 percent. At the same time, the rate for the other major group of non-elderly families, single-parent mothers under 65 with children under 18, had risen to 61.4 percent.

The poverty rate for couples 65 and over increased marginally to 8.6 percent, and the rate for individuals 65 and over increased slightly to 18.9 percent. However, this is the first increase in rates for seniors in several years and may simply be an aberration. Despite these increases, poverty rates for seniors were significantly better in 1996 than in 1980.

In releasing the 1996 figures, Statistics Canada noted that the average family incomes of Canadians had changed very little from 1995. However, it said that the total incomes of the poorest 20 percent of Canadians had dropped dramatically because of a combination of lower earnings and cuts to cash transfers from governments.¹

Poverty Profile 1996 is the latest in a series of annual reports by the National Council of Welfare based on factual material collected by Statistics Canada. It includes numerous statistics for 1996 and poverty trends dating back to 1980.

As in previous years, families headed by single-parent mothers and "unattached" people - those people living outside families - were among the groups of Canadians most likely to be poor.

Single-parent mothers had poverty rates many times higher than husband-wife families. The poverty rate for all single-parent mothers under 65 with children under 18 rose to 61.4 percent in 1996. Single-parent mothers under age 25 had a poverty rate of 91.3 percent. Single-parent mothers who did not graduate from high school had a poverty rate of 87.2 percent. And single-parent mothers with children under age seven had rates as high as 80.7 percent.

Unattached people of all ages had a poverty rate of 37 percent, nearly twice the rate of families. Unattached women and men 65 and older had poverty rates of 45.4 percent and 29.3 percent respectively, several times higher than the poverty rate of 8.6 percent for elderly married couples.

The poverty rate of unattached people under the age of 25 was much worse. In 1996, their poverty rate was 61 percent.

When we look at the actual dollars and cents that poor people had to live on, the picture is just as dismal. A total of 268,000 families and 423,000 unattached people had 1996 incomes that amounted to less than half the poverty line.

Despite these grim realities, winning the war on poverty is not an unrealistic goal. Statistics Canada estimates that the cost of bringing all poor people out of poverty in 1996 would have been \$17.8 billion. That's a huge, but not outrageous amount of money in a country where the federal, provincial and territorial governments spent \$386 billion in 1996 and where the value of all the goods and services produced was \$820 billion.

Better job opportunities, better income support programs and better pension programs all would help close the poverty gap.

Poverty Profile 1996 is an analysis of the facts about poverty, not a plan for eliminating it, so the report contains no specific recommendations. Over the years, the National Council of Welfare has published many other reports full of proposals for combatting poverty. Among them are Another Look at Welfare Reform, A Blueprint for Social Security Reform, Fighting Child Poverty, Women and Poverty Revisited, and Improving the Canada Pension Plan.

The data on poverty gathered by Statistics Canada provide a snapshot of poverty for one year only. They do not tell us how many people who were poor in 1996 were poor in previous years or how long they were likely to remain poor. There is relatively little reliable information on the duration of poverty in Canada, but a 1992 study by the Economic Council of Canada estimated that as many as one of every three Canadians will be poor sometime during their working lives.² Information from Statistics Canada's new study, the Survey on Labour Income Dynamics, may be able to help track changes in people's incomes over time.

Despite these limitations, the National Council of Welfare believes that Poverty Profile 1996 can help to explain important facts about a subject that sparks many debates and discussions. Myths and stereotypes about poverty and poor people are deeply rooted in our society. It is our hope that this report will help dispel these misconceptions and promote a better understanding of the millions of people who do not share the great bounty that Canada has to offer.

I. METHODOLOGY AND DEFINITIONS

Every year, Statistics Canada conducts a household survey known as the Survey of Consumer Finances to obtain information on the distribution of income and the nature and extent of poverty in Canada. The survey on which we have based this report was conducted in April 1997. It sampled 34,086 private households from all parts of the country except Yukon, the Northwest Territories, Indian reserves, and institutions such as prisons, mental hospitals, and homes for the elderly. The survey looked at incomes for the 1996 calendar year.

The results were published by Statistics Canada under the title Income Distributions by Size in Canada, 1996. Statistics Canada also provided previously unpublished data to the National Council of Welfare. We are grateful for the assistance provided by officials of Statistics Canada, especially Kevin Bishop and Edith Lamoureux of the Income and Housing Surveys Section. The analysis and interpretation of the data, however, are the responsibility of the National Council of Welfare, not Statistics Canada.

Information about poverty is obtained by comparing the survey data with the low income cut-offs of Statistics Canada. The cut-offs represent levels of gross income where people spend disproportionate amounts of money for food, shelter and clothing. Statistics Canada has decided over the years - somewhat arbitrarily - that 20 percentage points is a reasonable measure of the additional burden. The average Canadian family spent 36.2 percent of gross income on food, shelter and clothing according to 1986 data on spending patterns, so it was assumed that low-income Canadians spent 56.2 percent or more on the necessities of life.

The low income cut-offs vary by the size of the family unit and the population of the area of residence. There are seven categories of family size, from one person to seven or more people, and five community sizes ranging from rural areas to cities with 500,000 or more residents. The result is a set of 35 cut-offs. The cut-offs are updated annually by Statistics Canada using the Consumer Price Index.

The cut-offs used in this report for the year 1996 are technically known as 1986 base cut-offs, because of the year in which spending on food, shelter and clothing was surveyed. The entire set of 35 cut-offs for 1996 appears below in Table 1. Comparable cut-offs for 1997 and the National Council of Welfare's estimates of the cut-offs for 1998 appear in Appendix A.

TABLE 1

STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1996

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	16,061	14,107	13,781	12,563	10,933
2	21,769	19,123	18,680	17,027	14,823
3	27,672	24,307	23,744	21,644	18,839
4	31,862	27,982	27,338	24,922	21,690
5	34,811	30,574	29,868	27,228	23,699
6	37,787	33,185	32,420	29,554	25,724
7+	40,640	35,696	34,872	31,789	27,668

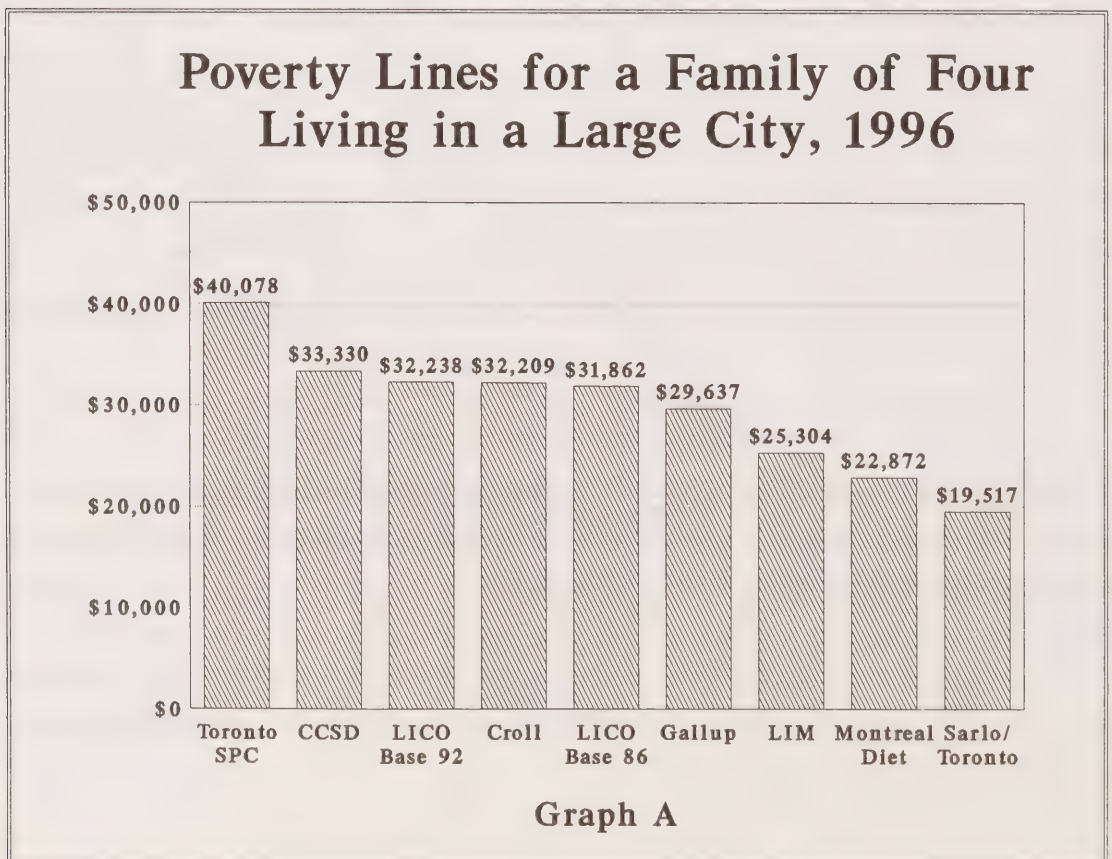
Over the years, Statistics Canada has published several other sets of low income cut-offs, and started using 1992 base cut-offs as its preferred measure in Income Distributions by Size in Canada, 1992. We caution readers that the poverty statistics in this report using the 1986 base cut-offs differ slightly from reports using the 1992 base cut-offs.³

The National Council of Welfare plans to continue using the 1986 base cut-offs for the time being. Other recent reports published by the Council use the 1986 base cut-offs, and a switch in base years could be confusing to readers.

The National Council of Welfare, like many other social policy groups, regards the low income cut-offs as poverty lines and uses the term poor and low-income interchangeably. Statistics Canada takes pains to avoid references to poverty. It says the cut-offs have no official status, and it does not promote their use as poverty lines.

Whatever the terminology, the cut-offs are a useful tool for defining and analyzing the significantly large portion of the Canadian population with low incomes. They are not the only measures of poverty used in Canada, but they are the most widely accepted and are roughly comparable to most alternative measures.

Graph A shows the 1986 base and 1992 base low income cut-offs or LICOs of Statistics Canada along with seven other poverty lines sometimes seen in published reports.⁴ Most of the lines fall in a middle range from \$29,637 to \$33,330 for a family of four living in a large city in 1996. One line is substantially higher than the rest, and three are much lower.



Toronto SPC, the description of the first bar of Graph A, refers to the budget guides of the Metropolitan Toronto Social Planning Council updated to the year 1996. CCSD refers to the Canadian Council on Social Development's income guidelines, which are based on one-half of average family income and do not vary from one area of the country to another. The calculation for the bar labelled Croll uses the methodology first proposed in 1971 by a special Senate committee on poverty headed by Senator David Croll. The Gallup bar is an update of responses to a public opinion poll that asked, "What is the minimum weekly amount of income required for a family of four, consisting of two adults and two children?" LIM means the low income measures of Statistics Canada, an alternative measure based on one-half of median family income with no geographic variations. Montreal Diet refers to the income needed for a minimum adequate standard of living for a two-earner couple with a 15-year-old son and a ten-year-old daughter in Montreal as calculated by the Montreal Diet Dispensary. The group also has basic needs guidelines strictly intended for short-term assistance that are somewhat lower. Sarlo/Toronto is the poverty line for Toronto calculated for 1994 by Christopher A. Sarlo and updated to 1996 by the National Council of Welfare. Professor Sarlo also has "social comfort lines" that are twice as high as his poverty lines.

Poverty statistics are often broken down according to families and unattached individuals. The survey that gathered the data defined a family as a group of individuals occupying the same dwelling unit and related by blood, marriage or adoption. The definition includes couples living in common-law relationships. Most of the data in this report is expressed in terms of families rather than the number of people in family units. Unattached individuals are defined as people living alone or in households where they are not related to other household members.

A poor or low-income family has an income below the poverty line, while a "non-poor" family has an income above the poverty line. The same applies for unattached individuals.

Poverty rates compare the number of poor people, families or unattached individuals in a particular category to all the people, families or unattached individuals in the same category. For example, there were an estimated 379,000 poor families with children under 18 headed by female single parents under age 65 in 1996. The estimated total number of families with children under 18 headed by female single parents under 65 was 618,000. The poverty rate was 379,000 divided by 618,000 or 61.4 percent.

Sometimes the terms “incidence of poverty” or “risk of poverty” are used instead of “poverty rate.” The meaning of all three terms is the same.

Income refers to money income reported by all family members 15 years or older and includes gross wages and salaries, net income from self-employment, investment income, government transfer payments (for example, the federal Child Tax Benefit, Old Age Security, and provincial tax credits), pensions, and miscellaneous income (scholarships and child support payments, for example). The definition of income excludes gambling wins or losses, capital gains or losses, receipts from the sale of property or personal belongings, income tax refunds, loans received or repaid, lump sum settlements of insurance policies, and income in kind.

Some sections of this report refer to earnings rather than income. Earnings means gross wages and salaries and net income from self-employment.

Statistics Canada revised its low income data for the period 1980 through 1993 in the 1994 version of Income Distributions by Size in Canada. The revisions included shifting population estimates to the 1991 census base, adjusting the estimates to correct undercoverage, and including non-permanent residents physically present in Canada in surveys by Statistics Canada.

The National Council of Welfare decided to continue using the data for earlier years as originally published. The revisions have very little effect on rates of poverty, but they tend to add slightly to the number of people living in poverty.

In 1993, Statistics Canada began the Survey of Labour and Income Dynamics, which will replace the Survey of Consumer Finances in the future. The Survey of Consumer Finances takes a “snapshot” which allows readers to understand what was happening at the moment of the survey interview. The Survey of Labour and Income Dynamics interviewed approximately the same number of people from the same regions of Canada as the Survey of Consumer Finances, but there are some important differences between the two surveys which may help readers to understand poverty better.

The Survey of Labour and Income Dynamics follows the same group of Canadians from one year to the next so that it can track changes in people’s incomes over that period. This new survey is intended to answer questions about whether it is the same people who find themselves living in

poverty year after year, or whether many of the people living in poverty one year manage to pull themselves out, and are replaced by a new set of people. The survey uses the same low income cut-offs as the Survey of Consumer Finances.

The following information comes from the first report from the Survey of Labour and Income Dynamics which was released in 1997. The survey uses 1992 base low income cut-offs, and looks at after-tax income, whereas National Council of Welfare reports use 1986 base low income cut-offs and income before tax. This means that the poverty rates are not identical to the rates used in the 1993 and 1994 versions of this report.

The survey results showed that between 1993 and 1994, over one million Canadians - about eight percent of the population - dropped into poverty, while almost as many climbed out of poverty. Slightly more people - 8.5 percent of the population - remained poor in both years. The reason for these dynamics may become clear when further years of information is added.

II. RECENT POVERTY TRENDS

Poverty rates in 1996 were disturbingly high. Five years after the last recession, the Canadian economy continued to grow modestly, and poor people should have been able to share in the return of prosperity. Instead, the ranks of the poor continued to swell.

The 1996 poverty statistics were shocking. The poverty rate for all people rose to 17.6 percent, which meant that 5,190,000 people were living in poverty. The child poverty rate jumped to 20.9 percent, or 1,481,000 children. Even the poverty rates for seniors increased as the poverty rate for people 65 and older rose from an all-time low of 16.9 percent in 1995 to 18.9 percent in 1996.

This chapter shows major national trends in poverty from 1980 through 1996 using two types of measures. One looks at Canadians as individuals, the other as members of families or as unattached people living outside families.

Poverty Trends for Individual Canadians

One type of poverty statistics published by Statistics Canada gives the number of poor people and the poverty rates for people as individuals, as Table 2 on the next page shows. In 1980, the number of people living in poverty was just over 3.6 million and the poverty rate was 15.3 percent. Both the number of poor people and the poverty rate rose following the recession of 1981-1982, declined slowly through 1989, and rose again with the recession of 1990-1991. Instead of improving after the recession ended, however, poverty rates continued their upward trend.

By 1996, the number of poor people was nearly 5.2 million and the poverty rate was 17.6 percent. Both those figures were well above the figures for the years just prior to the last recession. The modest economic growth of the last several years has simply not filtered down to the ranks of the poor.

TABLE 2
POVERTY TRENDS, ALL PERSONS

	Number of Persons Living in Poverty	Poverty Rate
1980	3,624,000	15.3%
1981	3,643,000	15.3%
1982	3,951,000	16.4%
1983	4,406,000	18.2%
1984	4,397,000	18.1%
1985	4,170,000	17.0%
1986	3,976,000	16.0%
1987	3,912,000	15.6%
1988	3,744,000	14.8%
1989	3,487,000	13.6%
1990	3,821,000	14.6%
1991	4,227,000	16.0%
1992	4,320,000	16.1%
1993	4,775,000	17.4%
1994	4,795,000	16.6%
1995	5,070,000	17.4%
1996	5,190,000	17.6%

Similar trends were evident in the child poverty statistics shown in Table 3. Child poverty rates and the number of poor children peaked in 1984 following the recession of 1980-1981 and declined through the rest of the decade. Following the recession of 1990-1991, the trend appeared to be strongly upward. In 1996, the number of poor children was at a 17-year high of nearly 1.5 million and the poverty rate was 20.9 percent, the highest in 17 years.

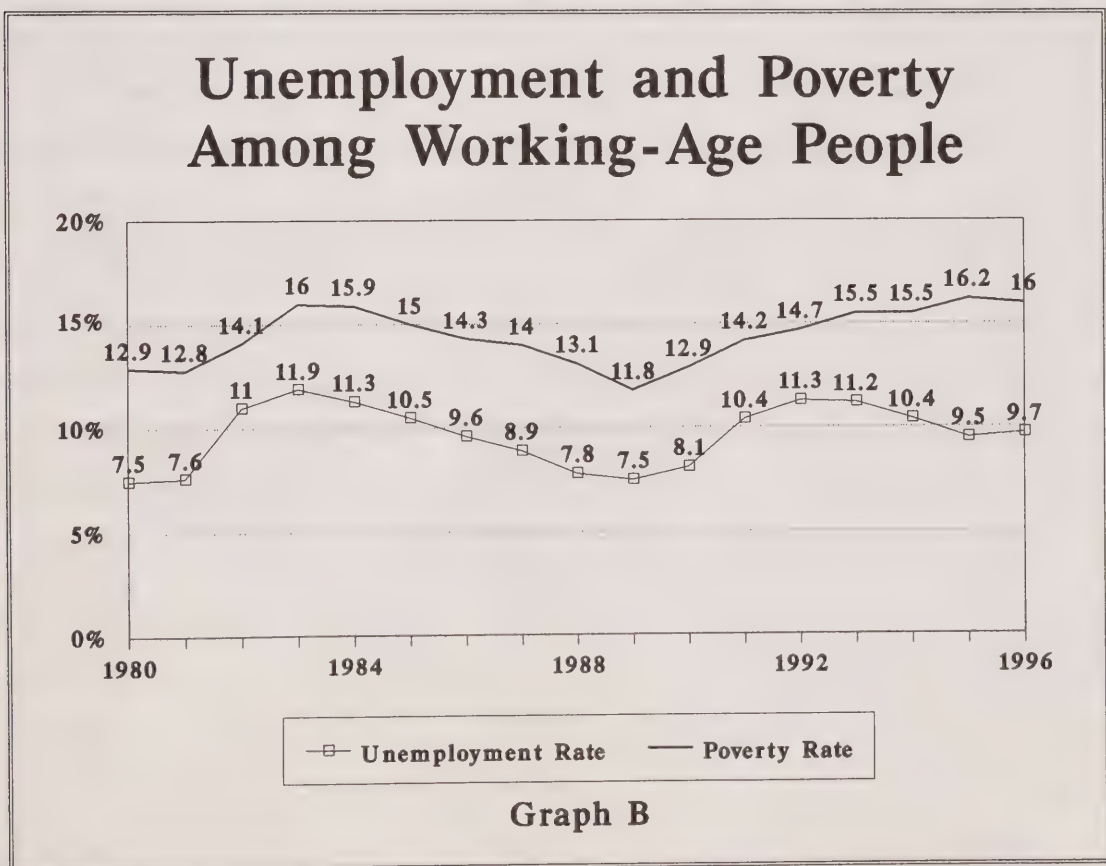
TABLE 3
POVERTY TRENDS, CHILDREN UNDER 18

	Number of Children Under 18 Living in Poverty	Poverty Rate
1980	984,000	14.9%
1981	998,000	15.2%
1982	1,155,000	17.8%
1983	1,221,000	19.0%
1984	1,253,000	19.6%
1985	1,165,000	18.3%
1986	1,086,000	17.0%
1987	1,057,000	16.6%
1988	987,000	15.4%
1989	934,000	14.5%
1990	1,105,000	16.9%
1991	1,210,000	18.3%
1992	1,218,000	18.2%
1993	1,415,000	20.8%
1994	1,334,000	19.1%
1995	1,441,000	20.5%
1996	1,481,000	20.9%

Additional information on child poverty by family type and provincial child poverty statistics appear later in this report.

Children are poor because their parents are poor, and one of the main reasons for poverty among parents is a lack of good jobs. It should come as no surprise that the poverty rates for adults under age 65 tend to move up and down in line with changes in the unemployment rate.

Graph B plots the average annual unemployment rate for people 15 and older against the poverty rate for people ages 18 to 65, the group most likely to be in the labour force. In 1996, the unemployment rate was 9.7 percent and the poverty rate was 16 percent. Since 1980, the poverty rate for people 18 to 65 has normally been three to five percentage points higher than the unemployment rate.



One group that is largely immune from high unemployment rates is seniors, because most of them are not in the labour force. The poverty rates for people 65 and older are more a reflection of the health of public and private pension programs than the health of the economy.

TABLE 4
POVERTY TRENDS, PEOPLE 65 AND OLDER

	Number of Seniors Living in Poverty	Poverty Rate
1980	731,000	33.6%
1981	733,000	33.0%
1982	648,000	28.5%
1983	719,000	30.9%
1984	669,000	27.9%
1985	669,000	27.0%
1986	637,000	24.9%
1987	627,000	23.8%
1988	634,000	23.4%
1989	599,000	21.4%
1990	554,000	19.3%
1991	590,000	20.0%
1992	564,000	18.6%
1993	636,000	20.5%
1994	567,000	17.2%
1995	572,000	16.9%
1996	655,000	18.9%

Pensions have improved tremendously during the last generation, and this is reflected in poverty rates and numbers for the elderly that have fallen more or less steadily since the first poverty statistics were published in Canada in 1969.

Table 4 shows this long-term decline in poverty. There were occasional increases in poverty from one year to the next, but the overall trend was downward. The number of poor seniors dropped from 731,000 in 1980 to 655,000 in 1996, and the poverty rate plummeted from 33.6 percent in 1980 to a record low of 16.9 percent in 1995, with a slight increase to 18.9 percent in 1996.

Poverty Trends for Families and Unattached Individuals

While the poverty statistics for all people give a good overview of poverty, it is often more revealing to look at poor people in terms of families or unattached individuals, as in Table 5 on the next page. Throughout most of the period 1980 to 1996, the poverty rates for unattached people were roughly three times higher than the rates for families. In 1996, however, the poverty rate for unattached individuals was 37 percent and the rate for families was 14.8 percent. Unattached individuals were about 2½ times more likely to be poor than families were.

One reason that families have poverty rates that are consistently much lower than unattached individuals is they often have a second family member in the labour force. The percentage of younger married couples with both spouses in the work force has grown dramatically during the last generation, and two-earner couples now far outnumber one-earner couples. Many older families are couples where both spouses had careers outside the home and where both get pension benefits aside from the federal government's Old Age Security pension.

TABLE 5
POVERTY TRENDS, FAMILIES AND UNATTACHED INDIVIDUALS

	Families		Unattached Individuals	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate
1980	830,000	13.2%	1,013,000	41.4%
1981	832,000	13.0%	1,010,000	40.3%
1982	905,000	14.0%	1,034,000	40.2%
1983	1,007,000	15.3%	1,183,000	44.9%
1984	1,032,000	15.6%	1,118,000	41.3%
1985	963,000	14.3%	1,136,000	40.8%
1986	924,000	13.6%	1,112,000	38.3%
1987	895,000	13.1%	1,137,000	37.5%
1988	851,000	12.2%	1,172,000	37.7%
1989	786,000	11.1%	1,100,000	34.4%
1990	874,000	12.1%	1,123,000	34.1%
1991	949,000	13.1%	1,258,000	36.5%
1992	991,000	13.3%	1,247,000	36.2%
1993	1,116,000	14.8%	1,306,000	37.1%
1994	1,108,000	13.7%	1,421,000	37.0%
1995	1,187,000	14.4%	1,399,000	36.1%
1996	1,230,000	14.8%	1,457,000	37.0%

An even better view of poverty comes by breaking down the bigger categories of families and unattached individuals into smaller subcategories of family types. The four family types are married couples whose head of the family is 65 or older; married couples under 65 with children under 18;

married couples under 65 without children under 18; and single-parent mothers under 65 with children under 18. Together, these four subcategories accounted for 83 percent of all poor families in 1996. The other 17 percent was made up of less common family types, such as married couples living with children who were all 18 or older, single-parent fathers and their children, and brothers and sisters who lived together.

The four subcategories of unattached individuals are unattached men under 65, unattached men 65 and older, unattached women under 65, and unattached women 65 and older. These four subcategories account for 100 percent of unattached individuals.

The importance of a second wage-earner or second source of pension income becomes obvious from the poverty statistics for the four subcategories of families as shown in Graph C. The poverty rates for married couples were all low, regardless of the age of the spouses or the presence of children at home. The poverty rates for families led by single-parent mothers were all high.

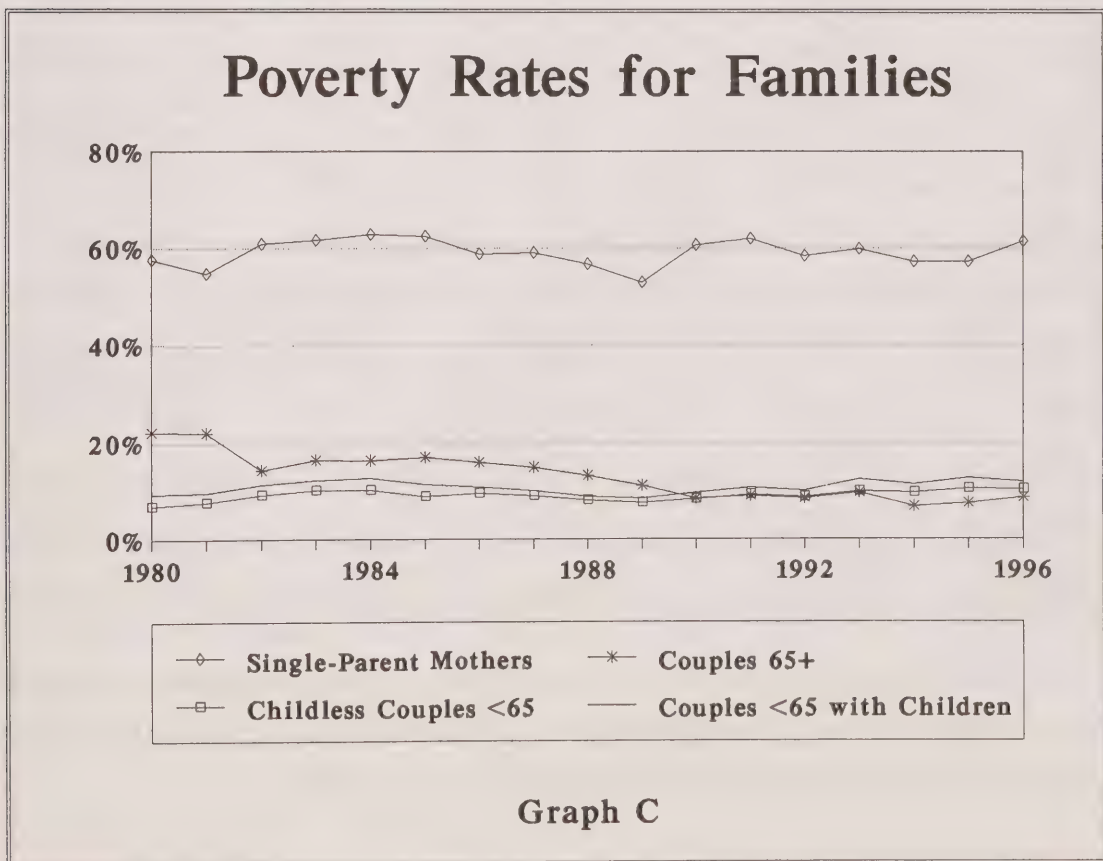


TABLE 6
POVERTY RATES FOR FAMILIES, 1980-1996

	Single-Parent Mothers under 65 with Children under 18	Couples 65 and Older	Couples under 65 without Children	Couples under 65 with Children under 18
1980	57.7%	22.2%	6.9%	9.4%
1981	54.8%	22.1%	7.7%	9.7%
1982	60.9%	14.4%	9.2%	11.3%
1983	61.7%	16.4%	10.2%	12.3%
1984	62.8%	16.3%	10.2%	12.6%
1985	62.5%	16.9%	8.9%	11.3%
1986	58.8%	15.9%	9.5%	10.8%
1987	59.0%	14.9%	9.0%	10.1%
1988	56.7%	13.2%	8.1%	8.9%
1989	52.9%	11.1%	7.6%	8.5%
1990	60.6%	8.5%	8.3%	9.6%
1991	61.9%	9.0%	9.3%	10.7%
1992	58.4%	8.5%	8.8%	10.1%
1993	59.8%	9.7%	9.9%	12.4%
1994	57.3%	6.8%	9.7%	11.3%
1995	57.2%	7.5%	10.4%	12.6%
1996	61.4%	8.6%	10.3%	11.9%

As Table 6 shows in more detail, the highest rate for single-parent mothers was 62.8 percent in 1984, and the lowest was 52.9 percent in 1989. By comparison, the highest rate for single-parent fathers was 34 percent in 1993 and the lowest was 18 percent in 1987.

Married couples whose head of the family was 65 or older saw their poverty rates fall dramatically from 22.2 percent in 1980 to a record low 6.8 percent in 1994. The 1996 rate was 8.6 percent.

Couples whose head of the family was under age 65 experienced ups and downs in poverty rates that corresponded with ups and downs in the economy through the early 1990s. The trend has been upward since then.

Throughout the entire period from 1980 to 1996, poverty rates for couples under 65 with children under 18 were consistently higher than the rates for childless couples.

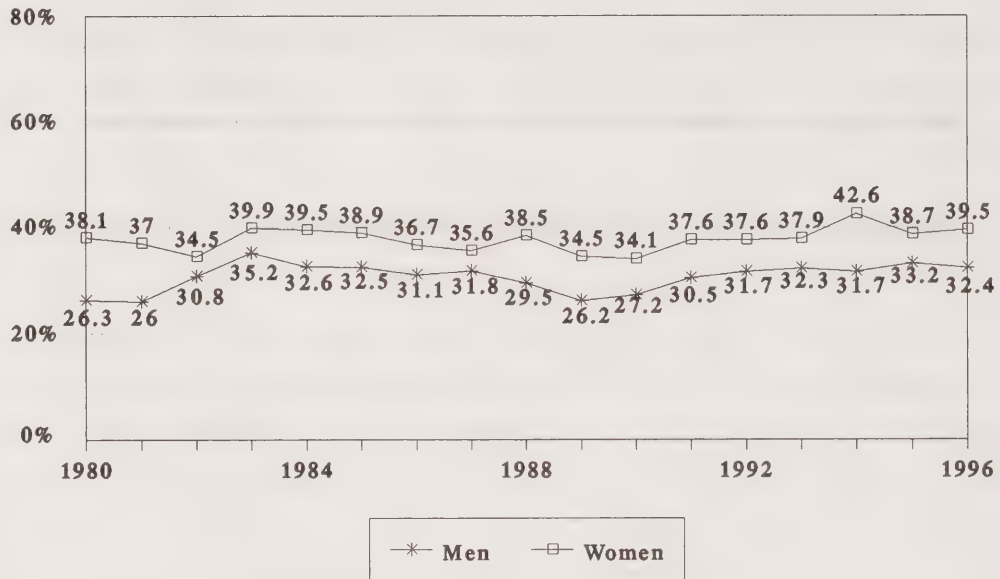
For unattached people, the poverty rates over the years have varied greatly among the four subcategories based on sex and age. All four subcategories have rates that are significantly higher than the rates for married couples, although none of the recent figures was anywhere near the rates for families led by single-parent mothers.

Trends in poverty among unattached men and women under 65 and men and women 65 and older are shown in Graph D on the next page. The poverty rates for unattached people under 65 tended to rise and fall with unemployment rates, while the rates for older unattached people fell more or less steadily. In both age groups, the poverty rates were noticeably higher for women than men.

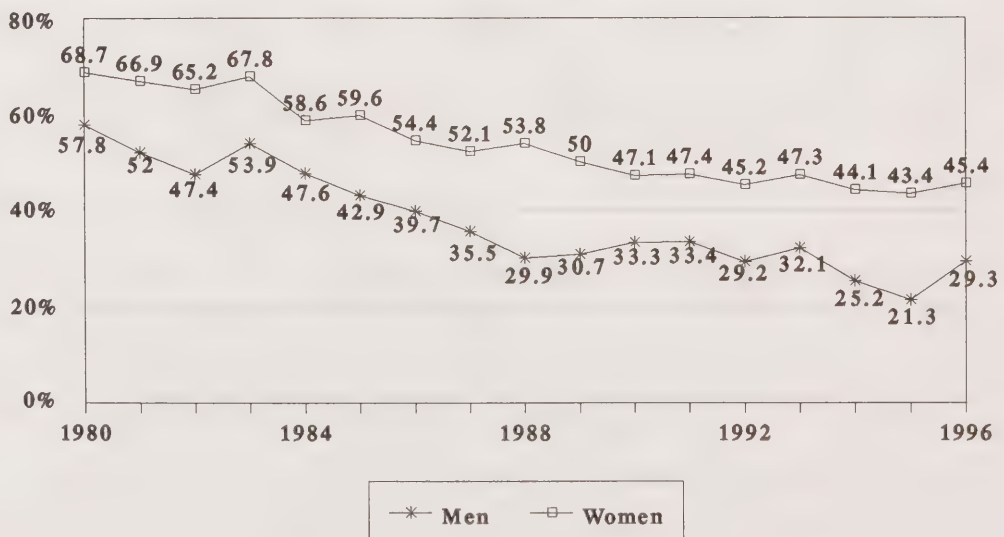
The poverty rate for unattached women under 65 was 38.1 percent in 1980 and 39.5 percent in 1996. The comparable rates for men were 26.3 percent in 1980 and 32.4 percent in 1996. The gap between the sexes was largest in 1980 at 11.8 percentage points and smallest in 1982 at 3.7 percentage points.

For unattached people 65 and older, the poverty rate for women dropped from 68.7 percent in 1980 to a record low 43.4 percent in 1995. In 1996, the rate rose slightly to 45.4 percent. The rate for men dropped from 57.8 percent in 1980 to a record low 21.3 percent in 1995. By 1996, it jumped to 29.3 percent. The gap between men and women was smallest at 10.9 percentage points in 1980 and largest at 23.9 points in 1988.

Poverty Rates for Unattached People Under 65



Poverty Rates for Unattached People 65 and Older



Graph D

III. VIEW FROM THE PROVINCES

Unemployment rates, the adequacy of pension programs, and family type are major determinants of poverty in all parts of Canada, but there are important differences from province to province. Table 7 gives the 1996 provincial statistics for families, unattached individuals and all people. For families, poverty rates ranged from a low of 10.6 percent in Prince Edward Island to a high of 17.6 percent in Quebec. The range for unattached individuals was even greater, from 31.2 percent in Alberta to 45 percent in Quebec. Poverty rates for all people ranged from 12.6 percent in P.E.I. to 21.2 percent in Quebec.

TABLE 7

POVERTY BY PROVINCE, 1996

	Families		Unattached Individuals		All Persons	
	Number of Poor Families	Poverty Rate	Number of Poor Unattached	Poverty Rate	Number of Poor People	Poverty Rate
Newfoundland	27,000	16.6%	17,000	40.7%	96,000	17.2%
Prince Edward Island	4,000	10.6%	6,000	31.4%	17,000	12.6%
Nova Scotia	45,000	16.4%	38,000	33.7%	168,000	18.1%
New Brunswick	30,000	13.8%	30,000	37.1%	119,000	15.8%
Quebec	367,000	17.6%	512,000	45.0%	1,546,000	21.2%
Ontario	425,000	13.4%	427,000	33.3%	1,770,000	15.8%
Manitoba	46,000	15.1%	54,000	36.4%	205,000	18.8%
Saskatchewan	38,000	13.7%	45,000	32.4%	161,000	16.5%
Alberta	98,000	13.1%	117,000	31.2%	436,000	15.8%
British Columbia	150,000	14.3%	212,000	34.9%	673,000	17.6%
Canada	1,230,000	14.8%	1,457,000	37.0%	5,190,000	17.6%

Between 1995 and 1996, family poverty rates rose in all provinces except Newfoundland, where rates dropped to 16.6 percent; New Brunswick, where rates dropped slightly to 13.8 percent; and Alberta, whose rate was 13.1 percent.

Among unattached individuals, rates changed very little between 1995 and 1996. At a national level, the rate rose very slightly from 36.1 percent to 37 percent. Poverty rates rose in six provinces and fell in the other four.

Poverty rates for all persons were higher between 1995 and 1996 in all but three provinces. The rate in Newfoundland fell from 20.6 percent to 17.2 percent, the rate in New Brunswick dropped from 17.2 percent to 15.8 percent, and the Alberta rate fell from 17.4 percent to 15.8 percent.

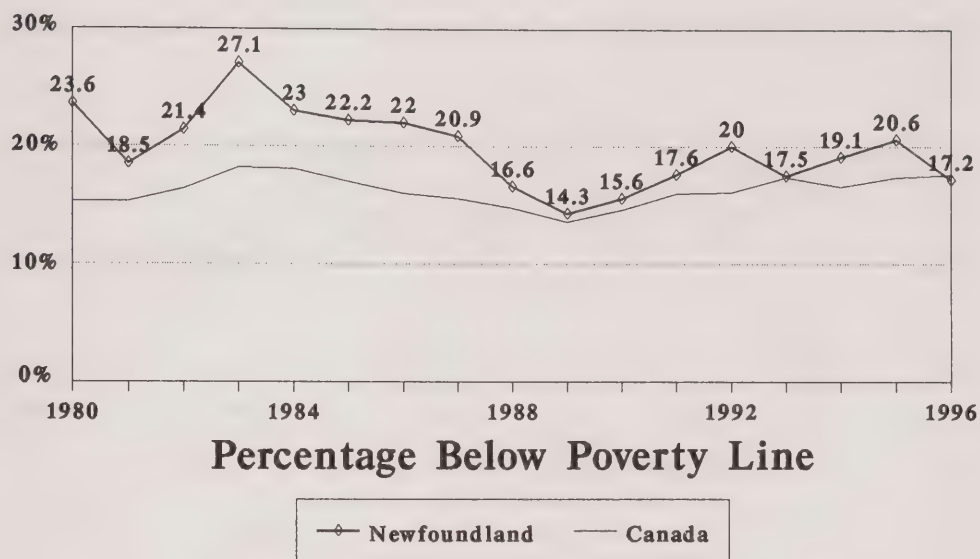
The ten pages that follow contain graphs with detailed information on poverty trends in the provinces. The top half of each page plots provincial poverty rates for all people from 1980 to 1996. The line with diamond markers and accompanied by percentages shows the provincial rates. For purposes of comparison, each graph includes a second line showing the poverty rates for Canada as a whole. The percentages were omitted from this line to avoid confusion in cases where the two lines are close together.

The bottom half of each page gives the poverty rates for families and unattached individuals from 1980 through 1996. The lines without markers and without percentages show the national trends.

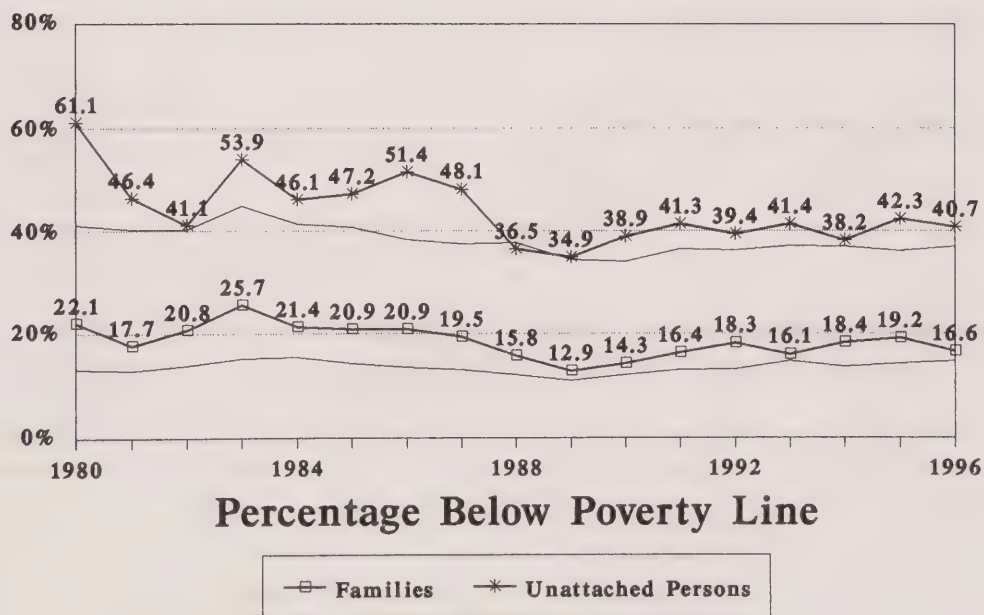
The two largest provinces have the most consistent trends for families, unattached individuals and all people. Ontario's poverty rates were among the lowest in Canada and were well below the national average throughout the period, although they have risen consistently since 1994. Quebec's rates were among the highest and well above average. There was much less consistency elsewhere.

Newfoundland

Trends for All Persons



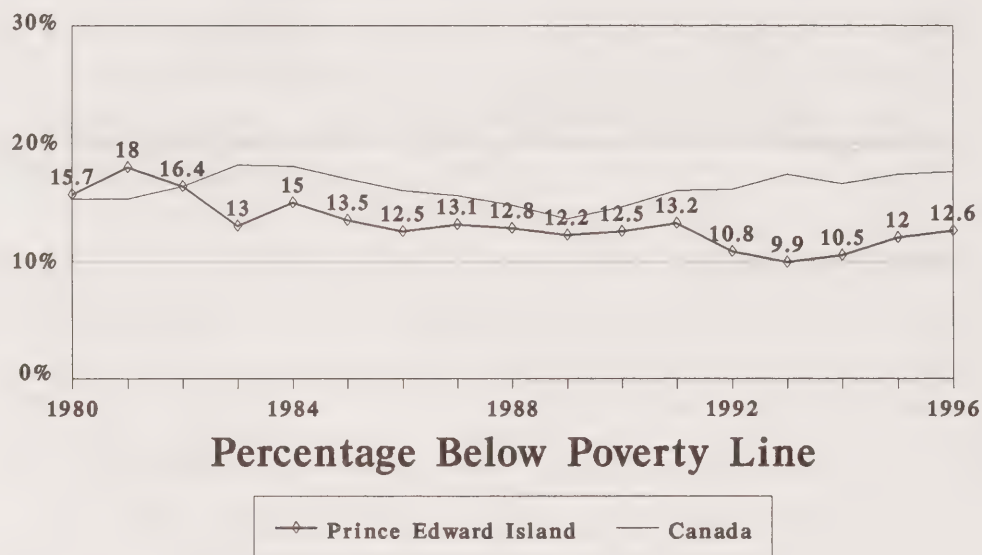
Families and Unattached Individuals



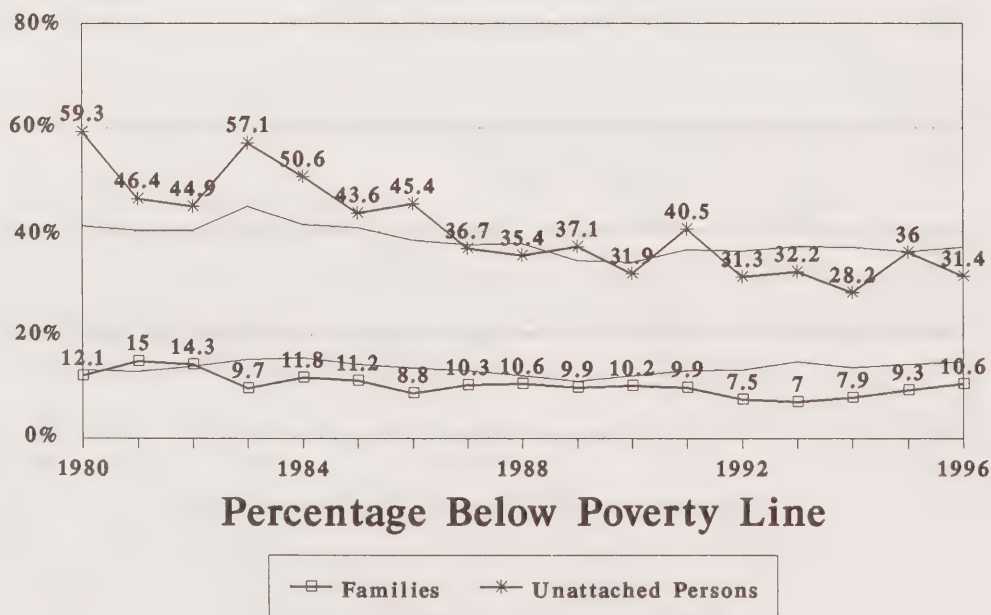
Graph E

Prince Edward Island

Trends for All Persons



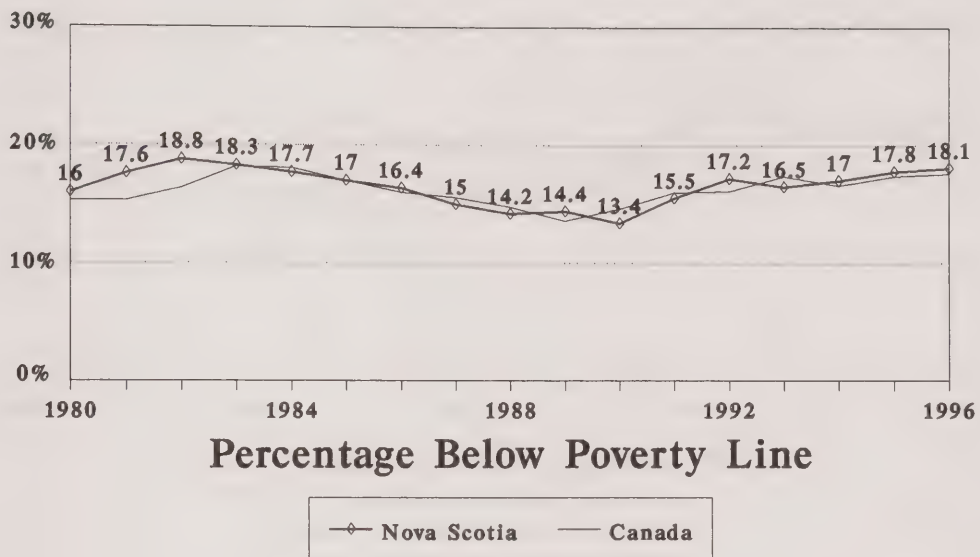
Families and Unattached Individuals



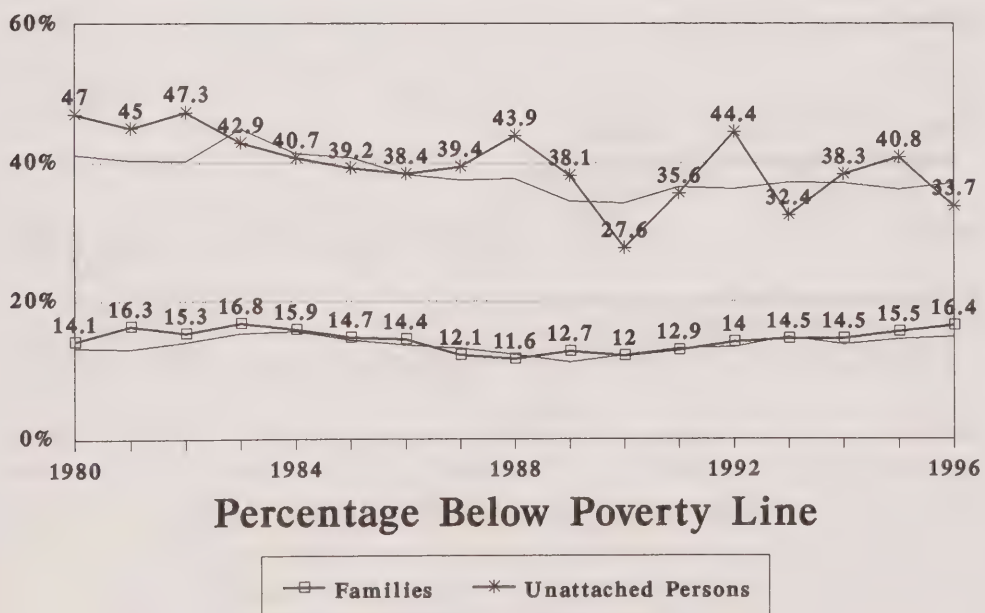
Graph F

Nova Scotia

Trends for All Persons



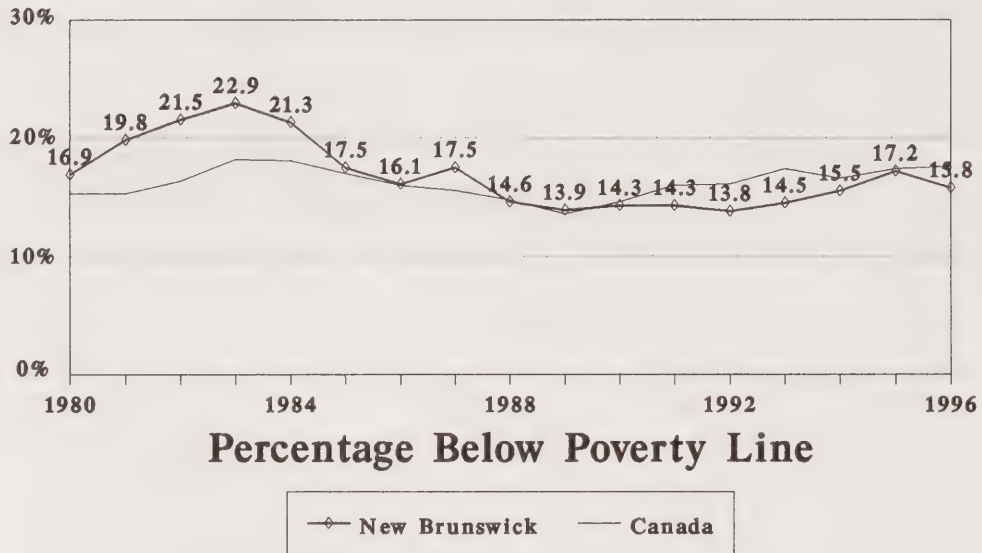
Families and Unattached Individuals



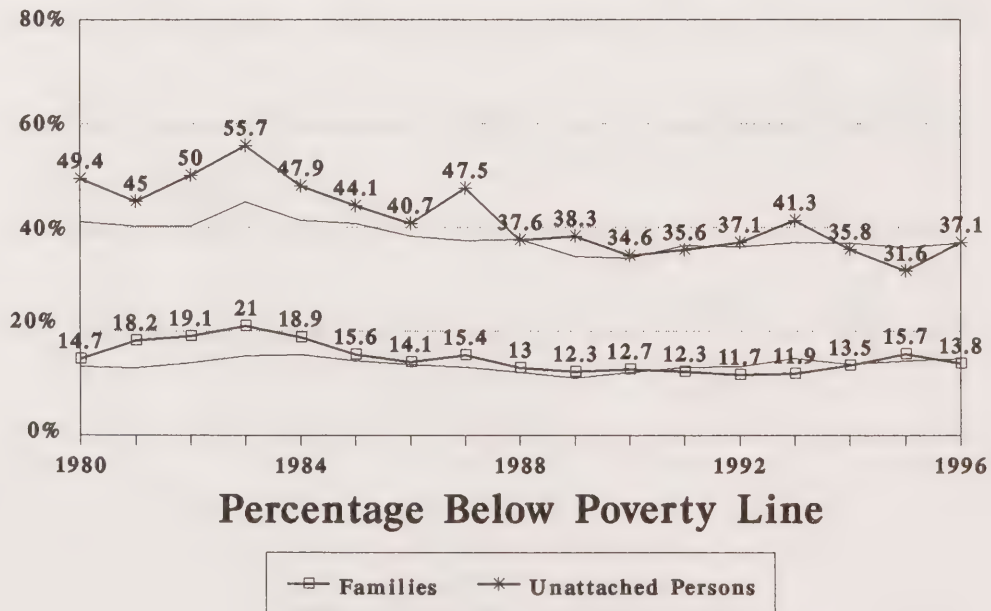
Graph G

New Brunswick

Trends for All Persons



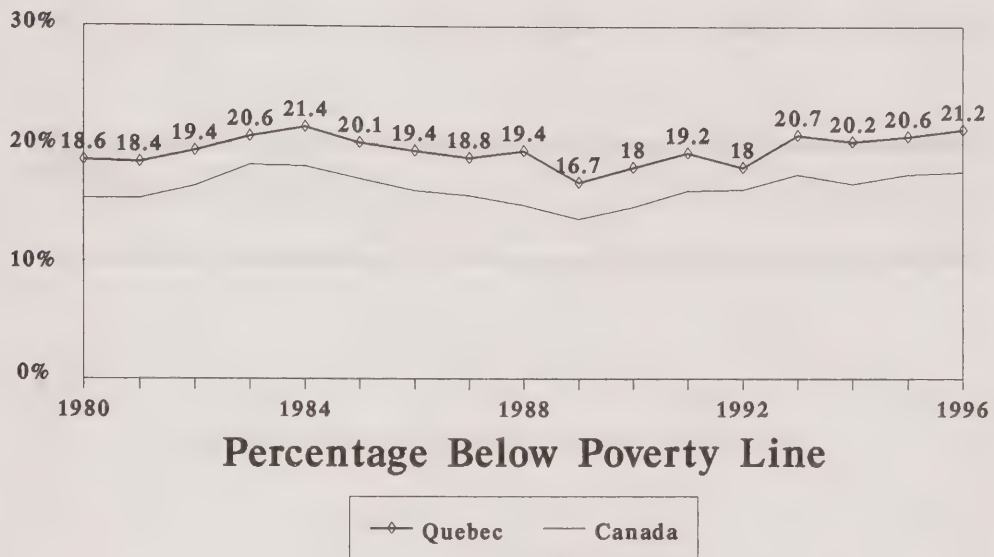
Families and Unattached Individuals



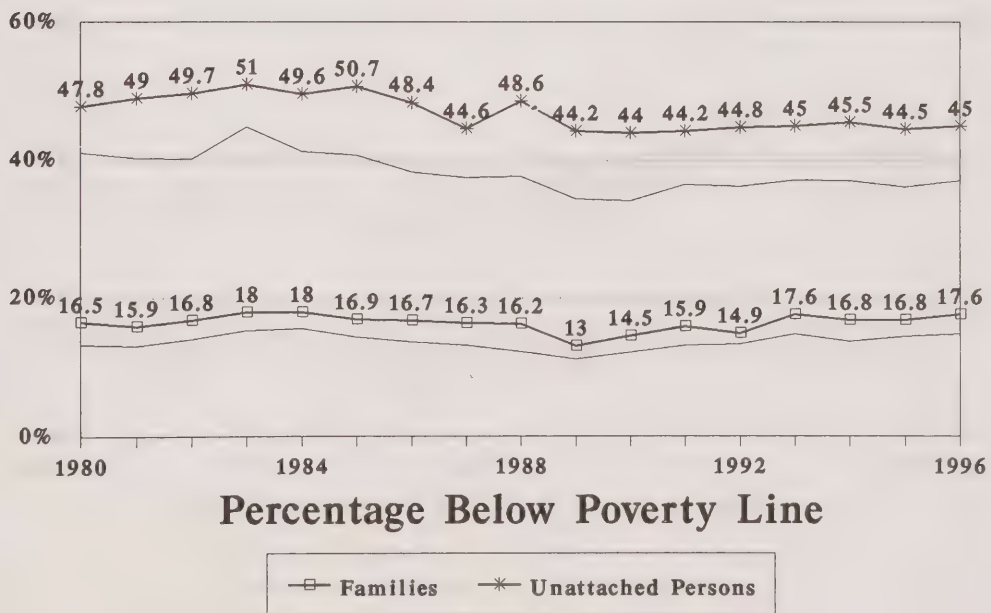
Graph H

Quebec

Trends for All Persons



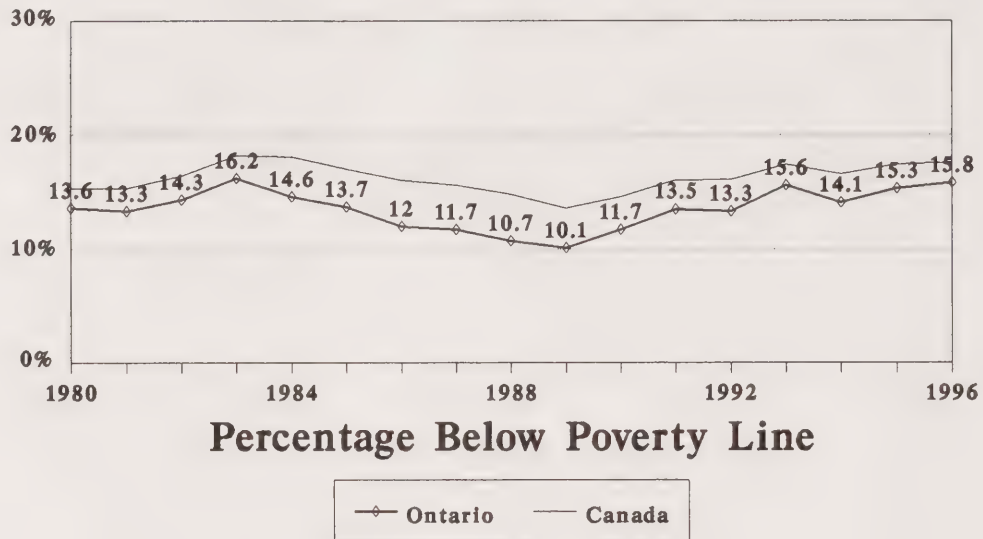
Families and Unattached Individuals



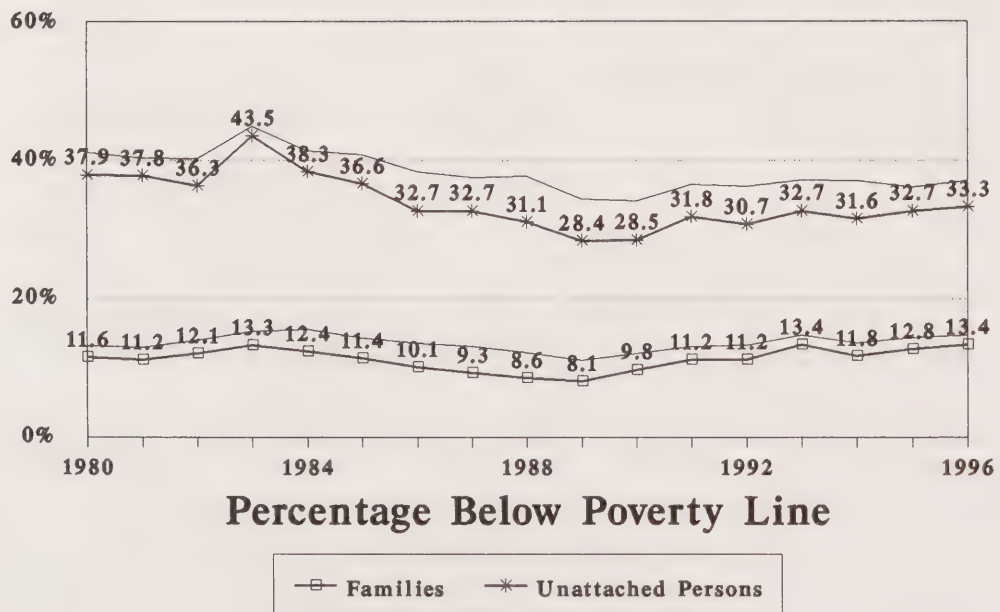
Graph I

Ontario

Trends for All Persons



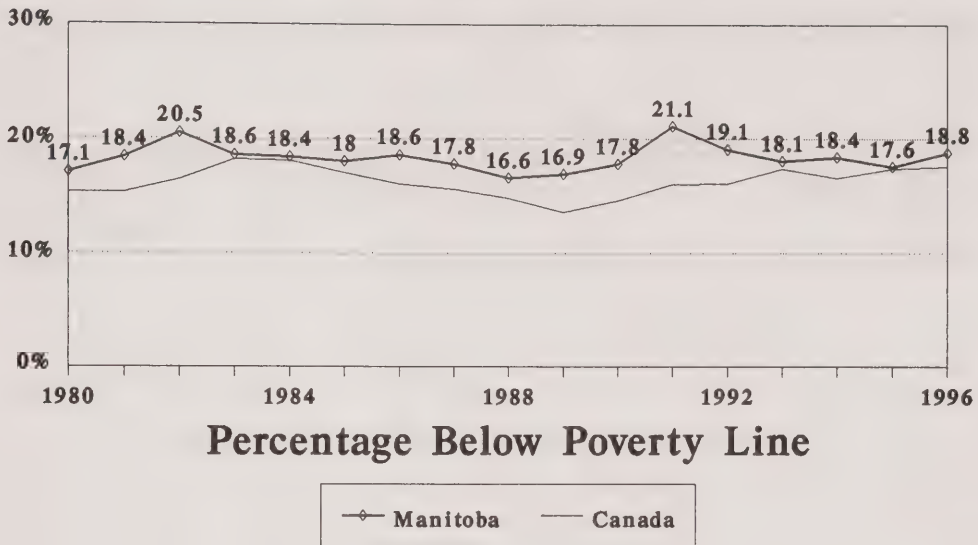
Families and Unattached Individuals



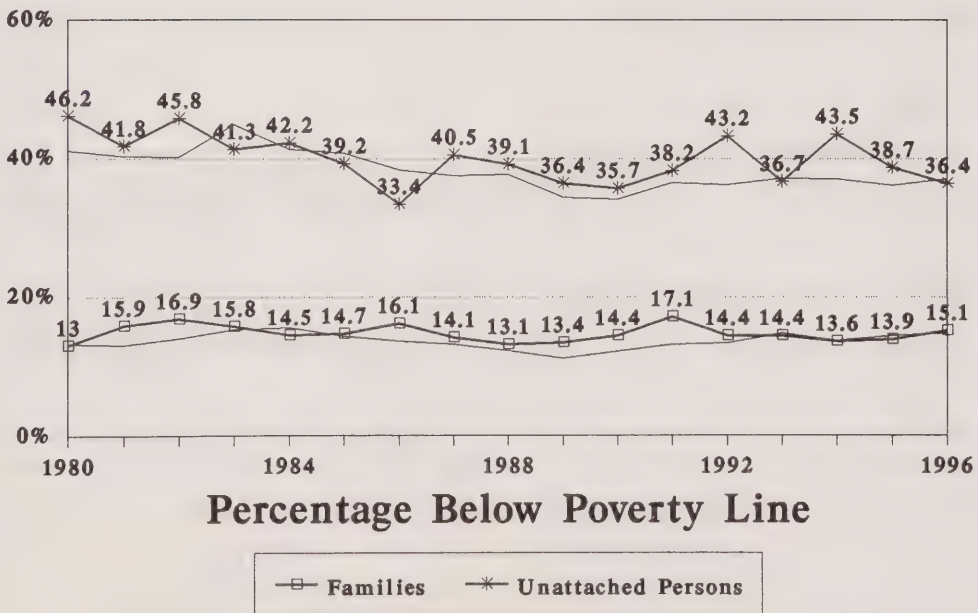
Graph J

Manitoba

Trends for All Persons



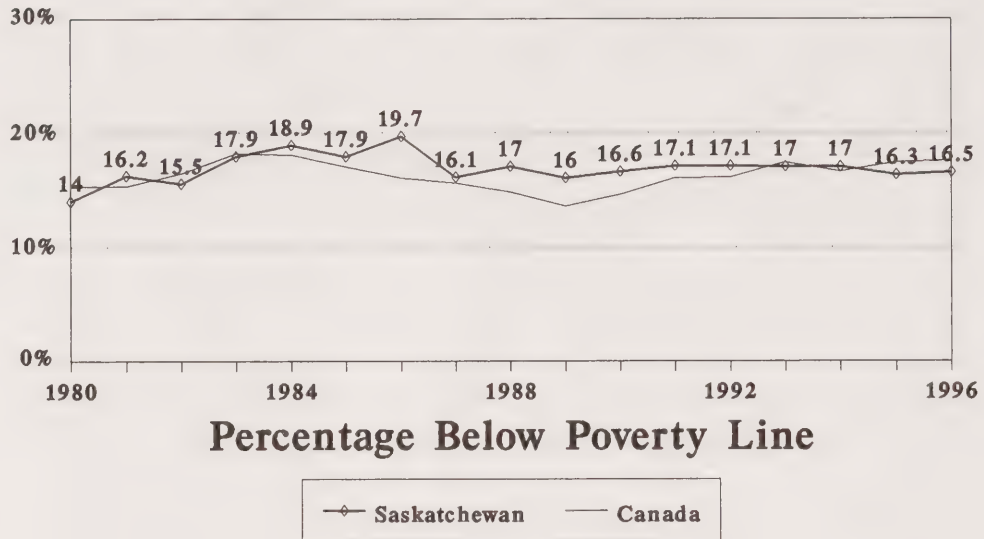
Families and Unattached Individuals



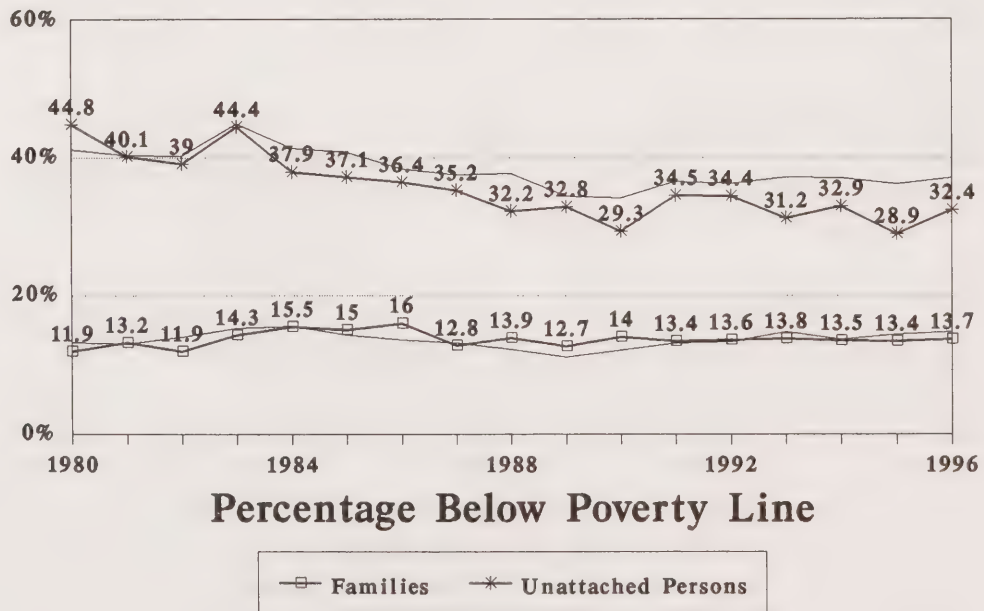
Graph K

Saskatchewan

Trends for All Persons



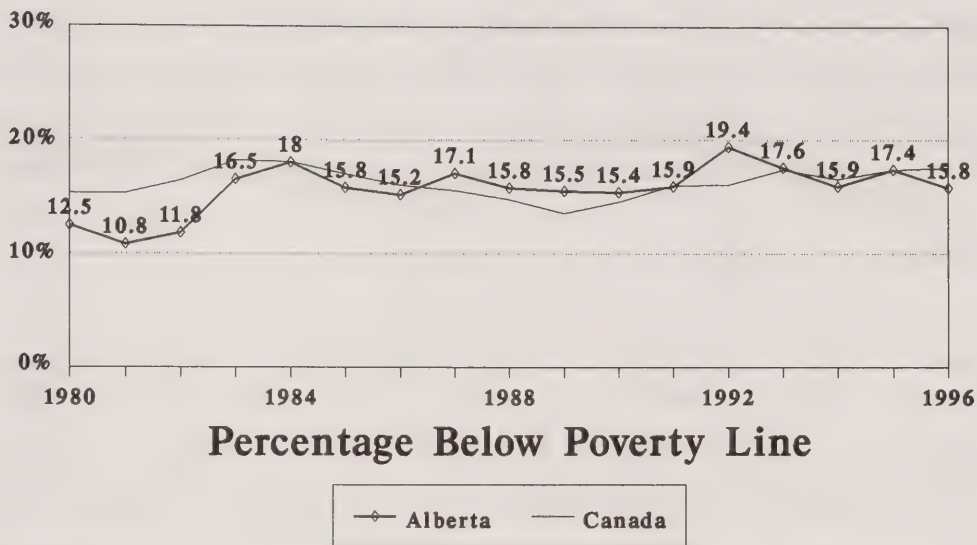
Families and Unattached Individuals



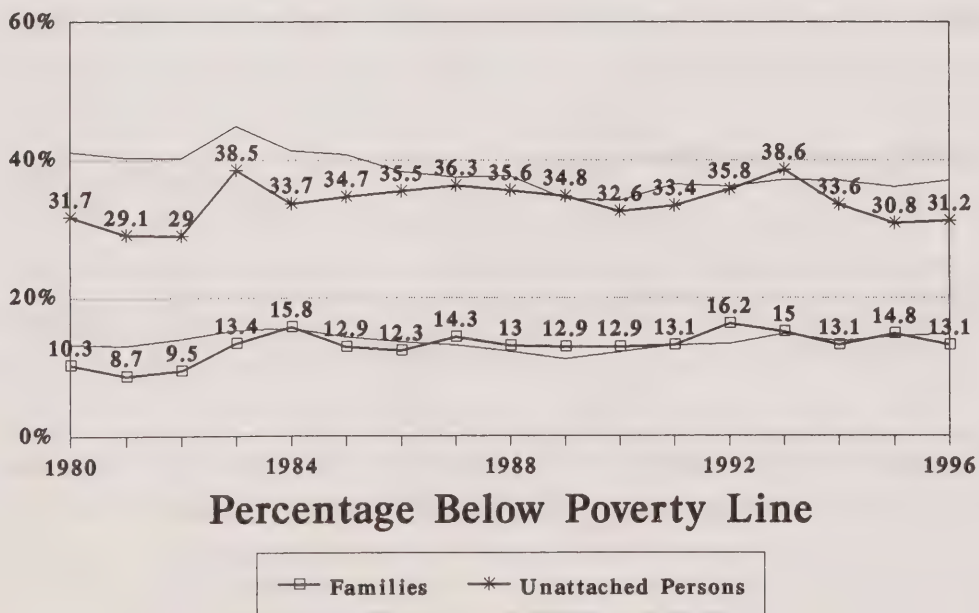
Graph L

Alberta

Trends for All Persons



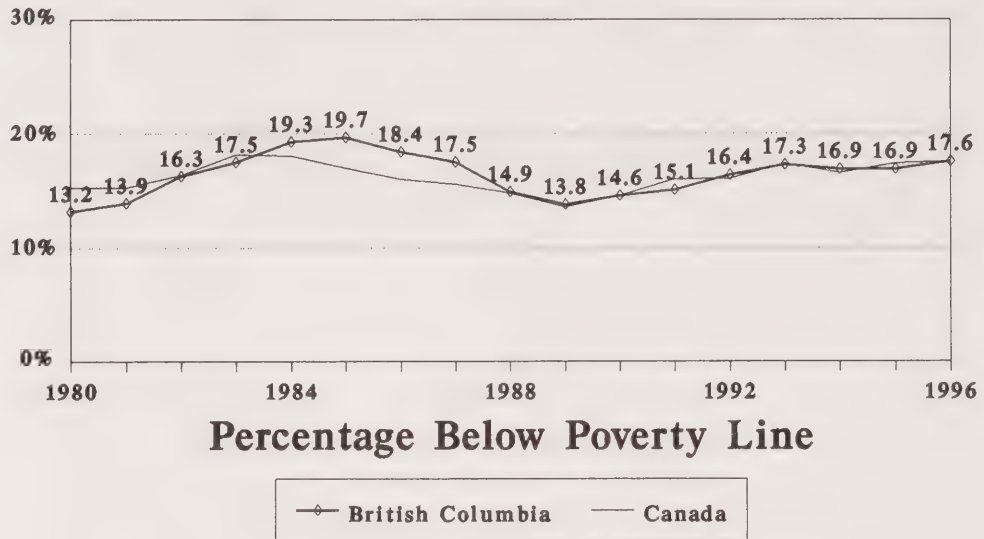
Families and Unattached Individuals



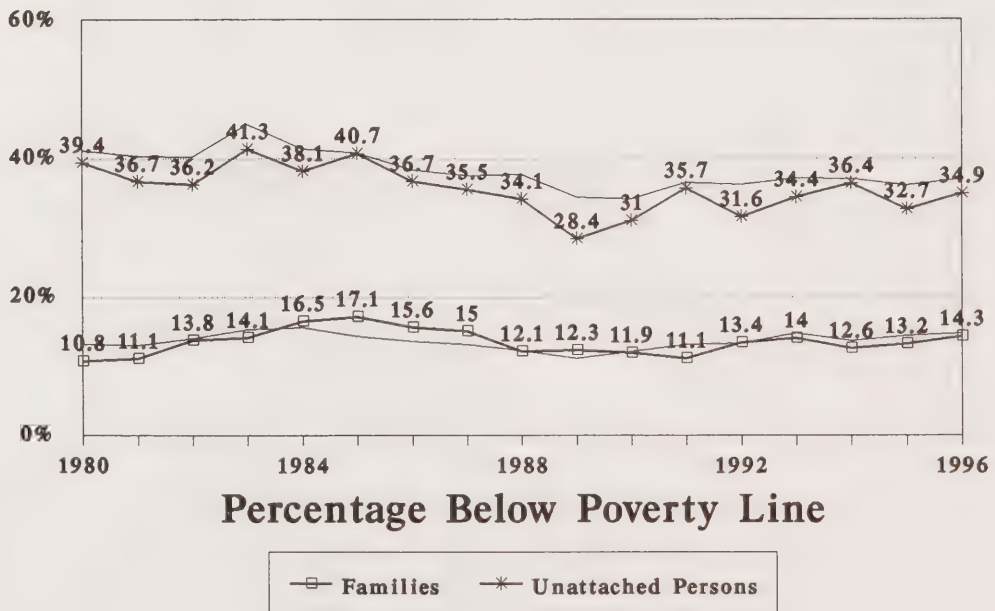
Graph M

British Columbia

Trends for All Persons



Families and Unattached Individuals



Graph N

IV. SNAPSHOTS OF POVERTY IN 1996

Poverty rates vary with family type, sex, age, employment, education, housing and the population of the area in which people live. Among families with children, they vary with the number and age of the children. Among immigrants, there are important differences based on the length of time in Canada.

Family Type

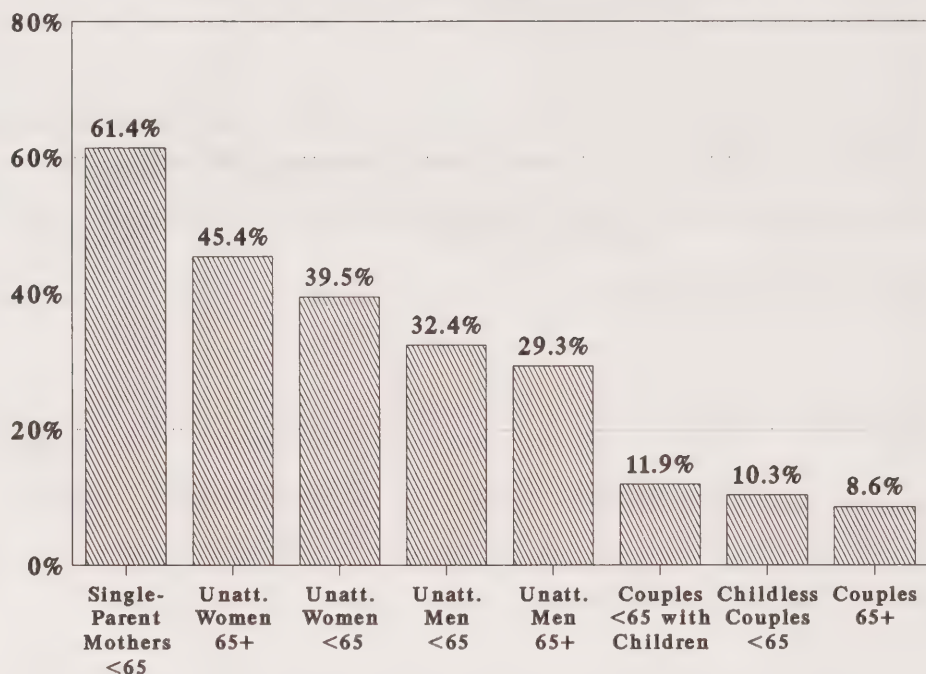
Probably the most important determinant of the risk of poverty is family type. As we described earlier, family type refers to eight subcategories of families and unattached individuals that take account of age and sex as well as family circumstances.

The top half of Graph O arranges the eight family types by poverty rates, with the highest at the left and the lowest at the right. The group with the highest poverty rate was single-parent mothers under 65 with children under 18. The next four bars represent unattached individuals. The poverty rates for unattached women were higher than the rates for unattached men. The three types of husband-wife families had relatively low poverty rates.

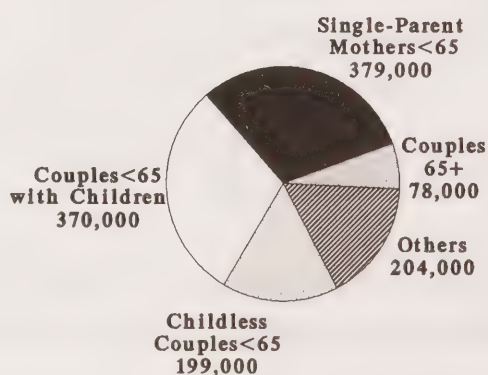
The pie graphs on the bottom half of the page show the number of poor families or unattached individuals by family type as a proportion of all poor families or unattached individuals. Among poor families, the two largest groups were couples under 65 with children under 18 and poor families led by single-parent mothers under 65 with children under 18.

Among poor unattached individuals, the most revealing comparison was between elderly men and women. Poor unattached women 65 and older outnumbered poor unattached men 65 and older by a margin of more than four to one.

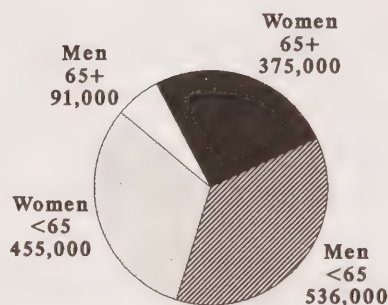
Poverty Rates by Family Type, 1996



Distribution of Poor Families And Unattached Individuals, 1996



Poor Families



Poor Unattached Individuals

Differences by Age, Sex and Family Type

The top half of Graph P gives the poverty rates for men and women by age, irrespective of their family status. In all cases, the rates for women were higher than the rates for men, and the differences between the sexes were most pronounced in the youngest and oldest groups.

Additional information about poverty among men and women is presented later in this report.

The poverty rates for both sexes were relatively high for the age group 18 through 24. That is partly a reflection of high unemployment rates among young people and partly because entry-level wages are lower than wages for experienced workers. Poverty rates for both men and women fell in the age groups that follow until the age group 55 through 64. Higher rates in this group tend to reflect the difficulties older workers have when they lose their jobs. The higher rate for women 55 through 64 may also be due to an increasing number of widows.

The rates for older men and women show a widening gap between the sexes. One reason for higher poverty rates among elderly women is the fact that women live longer than men on average. The older groups contain a large number of women who are unattached, many of them widows, and unattached people invariably have higher poverty rates than married people.

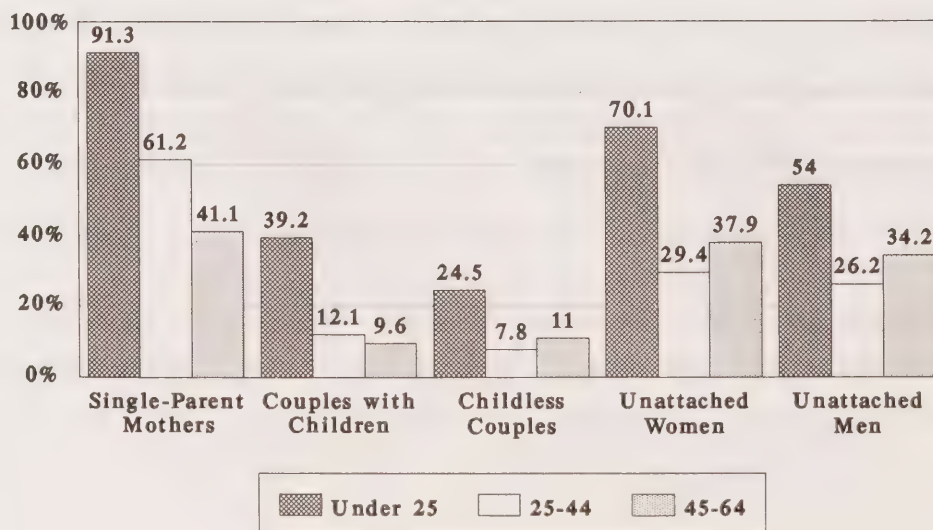
The bottom half of Graph P shows how poverty rates vary by age group and family type, using the five family types under age 65. The poverty rate for the relatively small number of families led by single-parent mothers under age 25 was incredibly high. In 1995, the rate was 83 percent, but by 1996, it had leaped to 91.3 percent. The comparable rates for other families led by single-parent mothers were 61.2 percent for heads of families aged 25 to 44, and 41.1 percent for heads of families 45 to 64 years old.

Poverty rates for the other four non-elderly family types were also highest among heads of families and unattached individuals under 25. In fact, the risk of poverty among young people under 25 has increased significantly in recent years with the deterioration in the job market.

Poverty Rates for Persons By Age and Sex, 1996



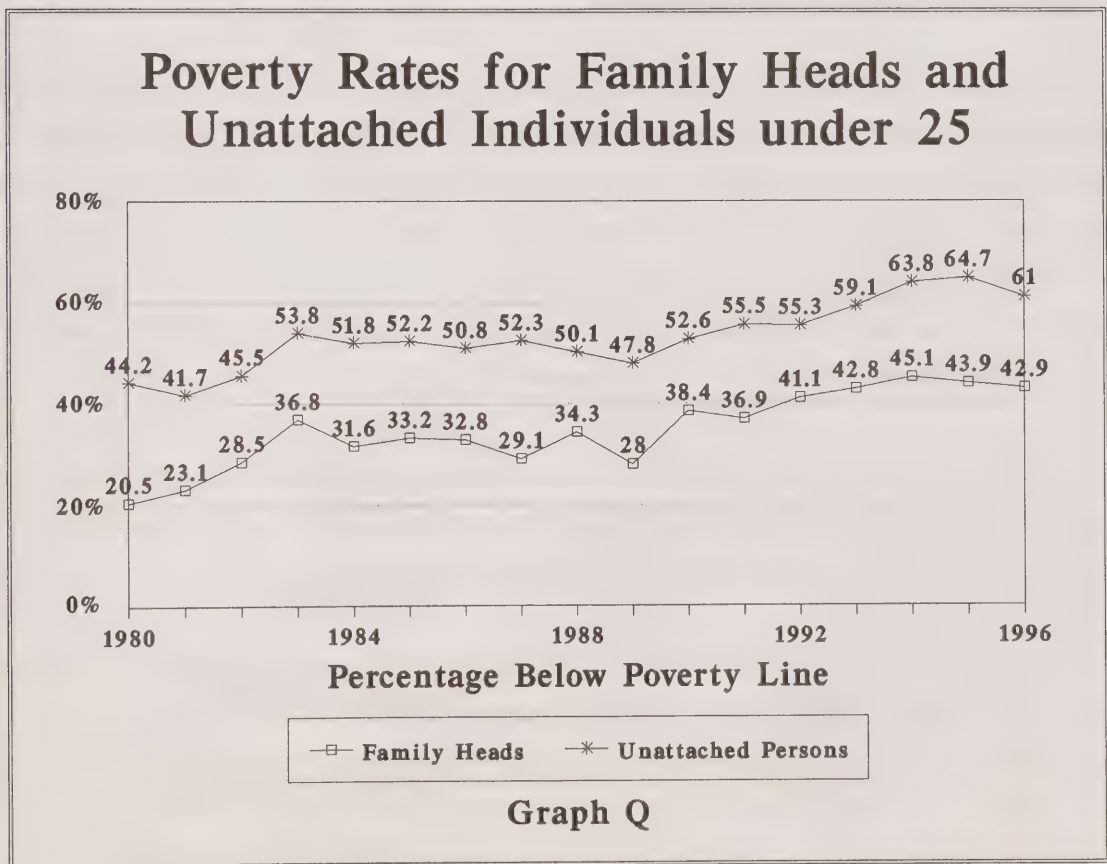
Poverty Rates by Family Type And Age of Head, 1996



Graph P

Graph Q shows the poverty rates for families headed by people under 25 and unattached individuals under 25 from 1980 to 1996. Poverty rates for unattached people rose following the recession of 1981-1982 and remained at very high levels for most of the rest of the decade. After a slight dip in 1989, rates began rising again and hit 64.7 percent in 1995. In 1996, rates had dropped slightly to 61 percent.

The picture was a little less gloomy for young families, but poverty rates have risen sharply since 1989. The rate for 1996 was 42.9 percent, a drop of one percent from the previous year.



Work Activity

As might be expected, a good job is the best insurance against poverty for Canadians under the age of 65. Statistics Canada has several measures that show how the risk of poverty decreases as work activity increases. One of the most revealing measures relates poverty rates to the number of weeks worked during the year for those under age 65, as shown in Graph R on the next page.

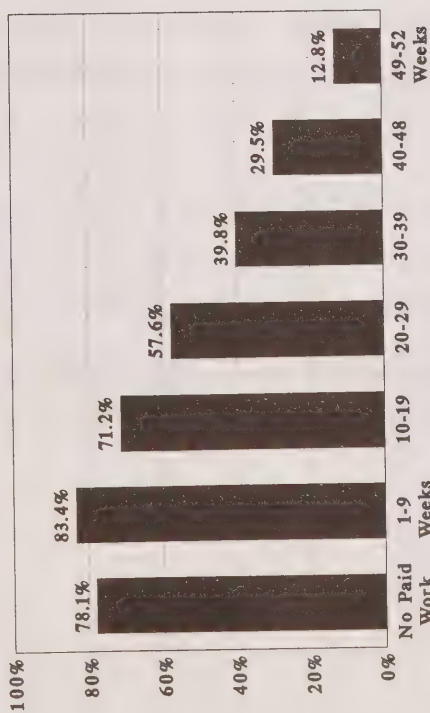
The upper left portion of the graph shows how the poverty rates for unattached individuals under 65 decline as their weeks of work increase. The poverty rates for unattached people with only a few weeks of work in 1996 were extremely high. Meanwhile, the poverty rate for those who worked for 49 to 52 weeks was 12.8 percent.

The same general pattern holds true for families with heads under 65 as shown in the upper right portion of Graph R. Weeks of work for families includes weeks of work by the head of the family plus weeks of work by a spouse in the case of married couples. All the married couples with only one wage-earner and all single-parent families are covered by the bars in the graph that end at 49 to 52 weeks of work. The last three bars on the right represent husband-wife families where the two spouses together worked a total of more than 52 weeks. The poverty rate for couples under 65 with 93 or more weeks of work in 1996 was a mere 2.7 percent.

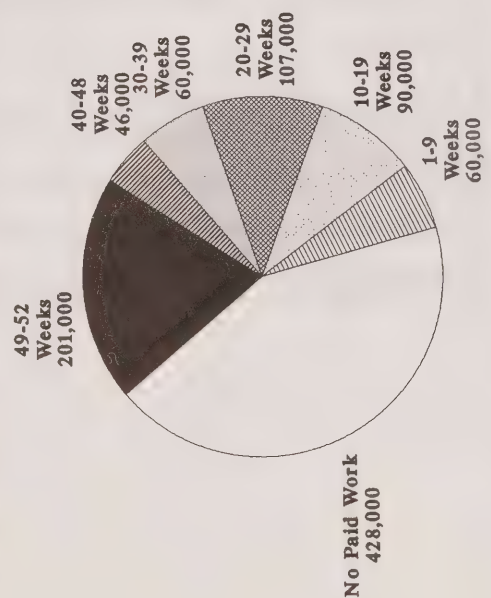
The pie charts in the bottom half of the graph show the distribution of poor unattached people under 65 and poor families with heads under 65. Not surprisingly, the largest slices of the two pies represent poor people who did not work at all for wages in 1996.

On the other hand, the pies also show that even 52 weeks of work a year does not always protect a person from poverty. Some 201,000 unattached people, 20 percent of all poor unattached people under 65, were poor in 1996 even though they worked between 49 and 52 weeks. Some 81,000 families, or seven percent of all poor families with heads under 65, were poor even when husbands and wives together worked for 93 or more weeks during the year.

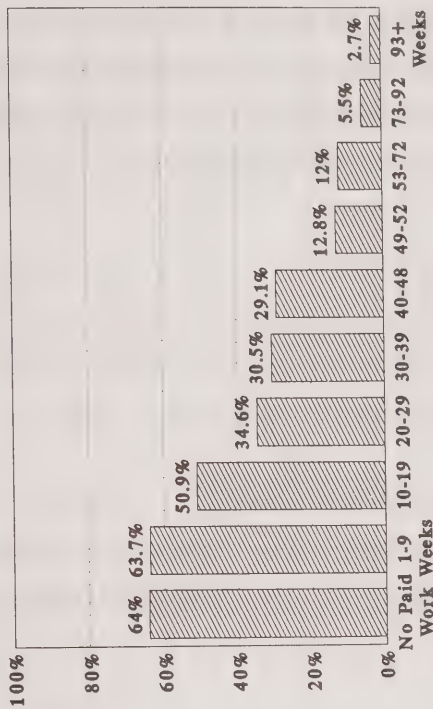
Poverty Rates By Weeks of Work For Unattached Persons Under 65, 1996



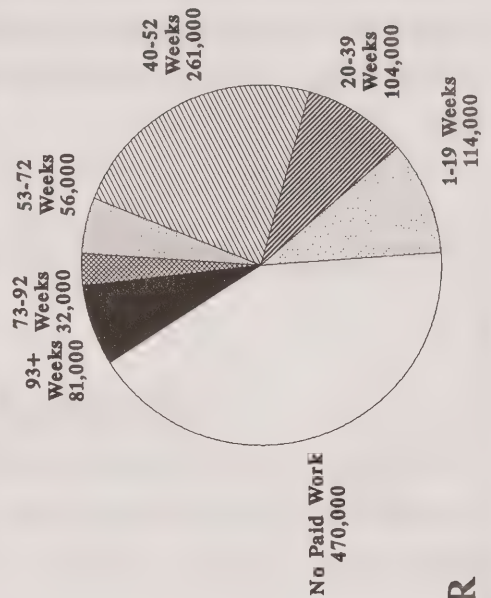
Distribution of Poor Unattached Persons Under 65 By Weeks of Work, 1996



Poverty Rates By Weeks of Work For Families Under 65, 1996



Distribution of Poor Families Under 65 By Weeks of Work, 1996



Graph R

Poverty rates both for families and unattached individuals also vary with the type of work done. Table 8 is arranged so that occupational groupings with the lowest poverty rates for family heads come first and the highest rates come last. The ranking of poverty rates for unattached individuals is somewhat different. In both cases, however, family heads and unattached individuals in managerial jobs had the lowest poverty rates, and workers in service industries had the highest rates.

TABLE 8
POVERTY RATES BY OCCUPATION, 1996

Occupational Group	Family Heads	Unattached Individuals
Managerial	3.2%	13.8%
Processing and Machining	7.3%	12.4%
Professional	7.7%	14.8%
Product Fabrication	8.4%	16.7%
Construction	8.6%	27.6%
Transport	9.4%	21.8%
Farming, Fishing, Forestry	11.8%	17.4%
Sales	11.8%	29.5%
Clerical	14.7%	25.0%
Services	20.8%	39.8%

Number and Age of Children

We have seen how poverty rates vary by family type. Rates for two-parent families are relatively low, and rates for families led by single-parent mothers are sky-high. Within these general ranges, the rates vary noticeably with the number and age of children.

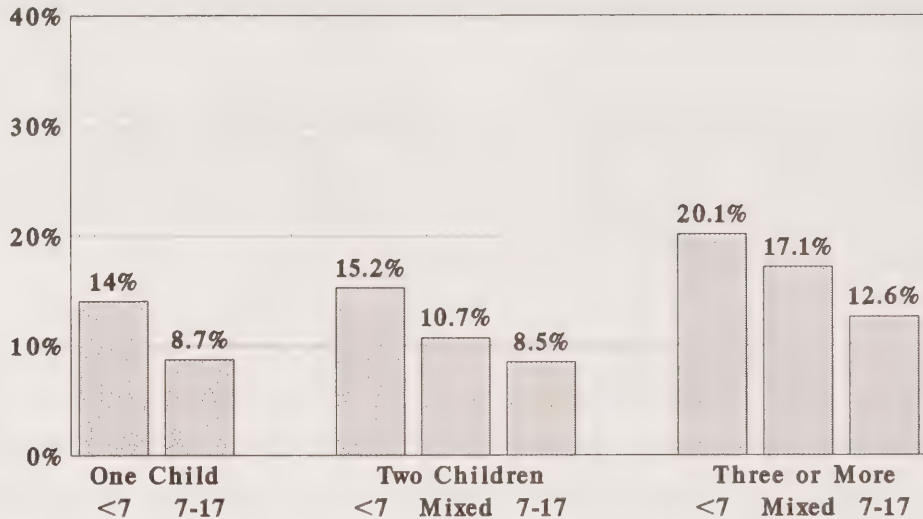
The top half of Graph S shows the poverty rates for two-parent families and the bottom half shows the rates for families led by single-parent mothers. Although the patterns are not perfect, the two parts of the graph suggest that poverty rates increase with the number of children but decrease once the youngest child reaches school age.

In the bottom half of the graph, for example, the poverty rate for families led by single-parent mothers with two children under age seven was 80.7 percent in 1996. The rate for single-mother families with two children of mixed age groups, that is, one child under seven and one child seven to 17 years old, was 68.2 percent. The rate for families with two children both aged seven or older was 51.6 percent.

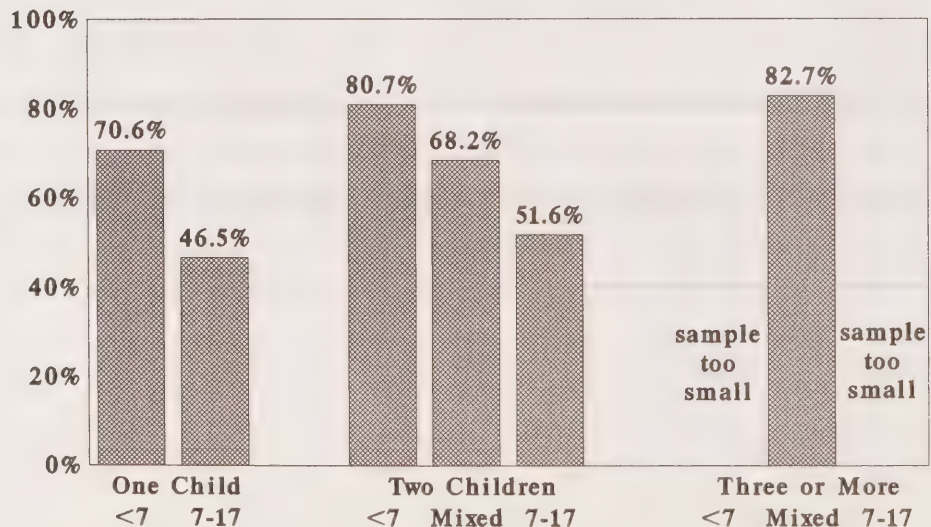
It is not surprising to find that the risk of poverty is higher for families of all types with very young children, since the job of caring for infants and toddlers often keeps mothers out of the labour force. Mothers are more likely to take jobs outside the home once their youngest children are off to school.

As an aside, it is interesting to note that families led by single-parent mothers had fewer children on average than two-parent families. In 1996, poor single-parent mothers under 65 had an average of 1.77 children under 18, and single-parent mothers who were not poor had an average of 1.49 children. Among couples under 65 with children, poor couples had 1.97 children under 18 on average and non-poor couples had 1.83 children.

Poverty Rates for Two-Parent Families Under 65, by Number and Age Group Of Children Under 18, 1996



Poverty Rates for Single-Parent Mothers Under 65, by Number and Age Group Of Children Under 18, 1996



Graph S

Education

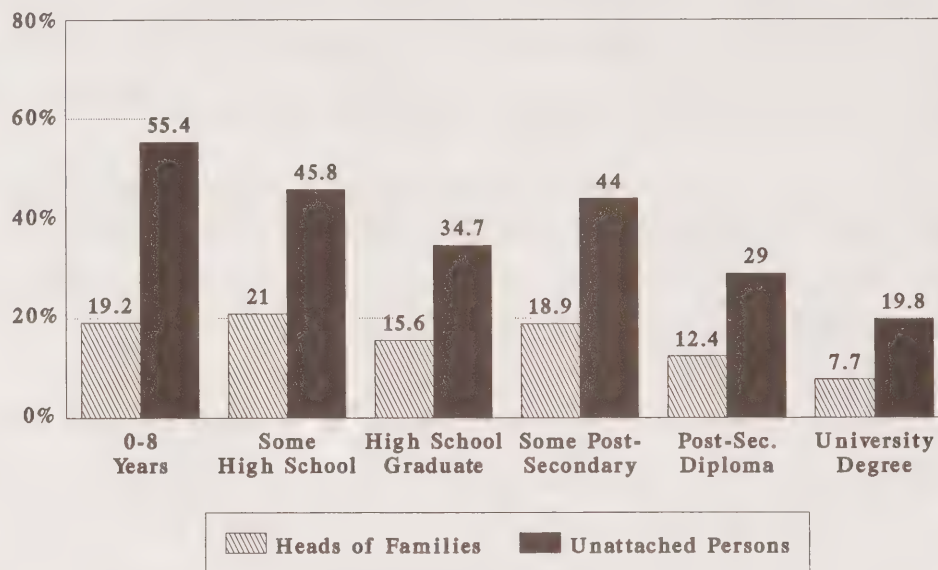
The risk of poverty normally decreases as people get more schooling. The top half of Graph T shows poverty rates of more than 19 percent for heads of families who had eight years of schooling or less or who had some high school, but did not graduate. The lowest poverty rates were family heads with university degrees. The same general pattern was true for unattached individuals.

The bottom part of Graph T shows the poverty rates by family type, with the highest rates at the left of the graph. The darkly shaded bars are poverty rates for family heads or unattached individuals who did not graduate from high school. The lighter bars are poverty rates for family heads or unattached individuals with a high school diploma or better.

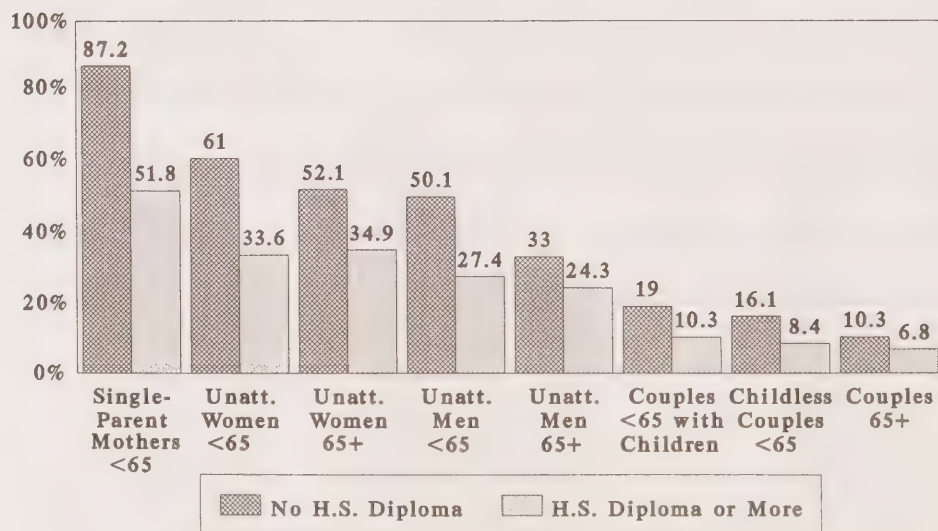
The patterns are similar to the patterns for family type alone shown earlier in this report. The poverty rate for families led by single-parent mothers with less than a high school education was 87.2 percent, by far the highest rate among all those who did not graduate from high school. Single-parent mothers who graduated from high school had a poverty rate of 51.8 percent, again the highest of any family type. This shows that family type and level of education both influence a person's risk of poverty.

Poor education can be either a cause of poverty or an effect. Young people who drop out of school may be poor because they lack the skills needed to get good jobs. On the other hand, young women who drop out of school if they get pregnant may be poor because of the hardships associated with single parenthood. The fact that they are poorly educated is a result of their family circumstances rather than an immediate cause of poverty.

Poverty Rates by Highest Level Of Education Completed, 1996



Poverty Rates by Family Type And Level of Education, 1996



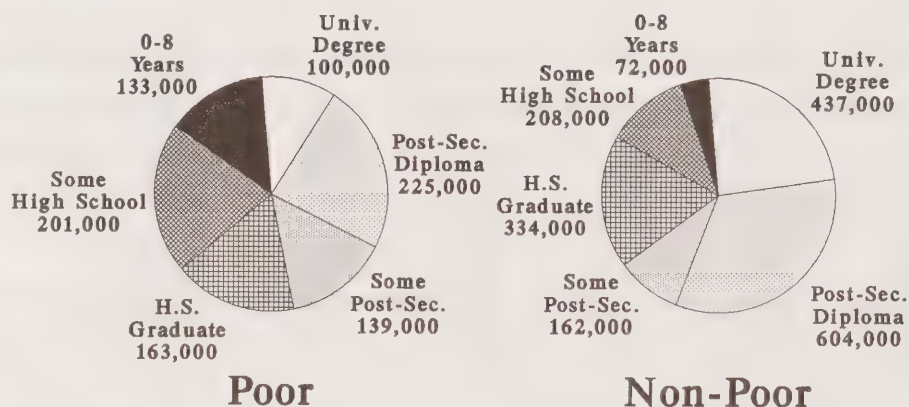
Graph T

Another way of looking at poverty and education is to compare the educational levels of poor people and non-poor people as we have in Graph U. The two pies on the left side of the page show the levels of education of poor unattached individuals under 65 or heads of poor families under 65. The pies on the right show the same for non-poor unattached people under 65 or heads of non-poor families under 65.

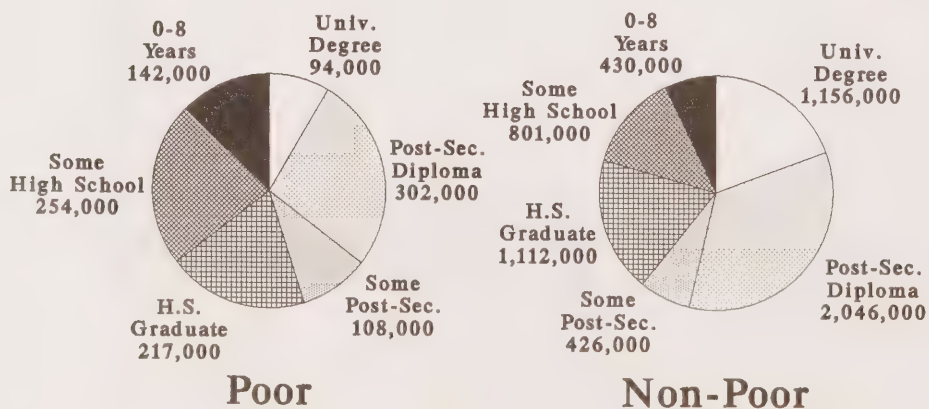
The graph shows that poor people as a group tend to have lower levels of education than non-poor people. The black slices of the pies, representing people who did not attend high school, are proportionately larger for poor people. The white slices of the pies, representing people with university degrees, are proportionately larger for the non-poor.

However, Graph U also shows that there is no definitive link between poverty and education. Hundreds of thousands of people who never finished high school somehow managed to avoid poverty in 1996. On the other hand, there were 100,000 unattached people and 94,000 heads of families under 65 who had university degrees and still found themselves poor.

Education of Poor and Non-Poor Unattached Individuals under 65, 1996



Education of Poor and Non-Poor Families with Heads under 65, 1996



Graph U

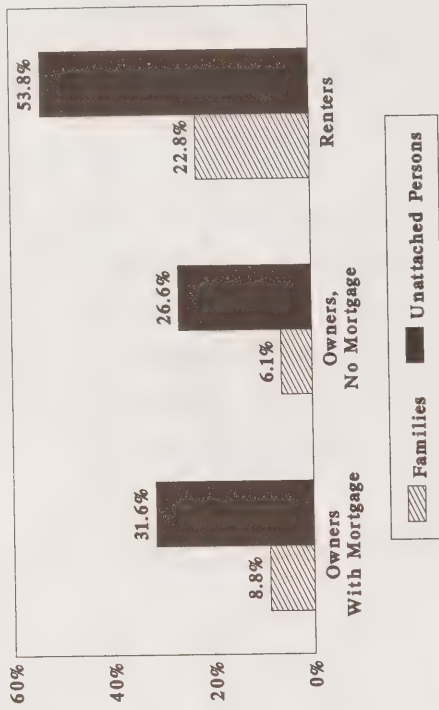
Homeowners and Renters

Statistics on poverty and housing are collected in three categories: homeowners with mortgages, homeowners without mortgages, and renters.

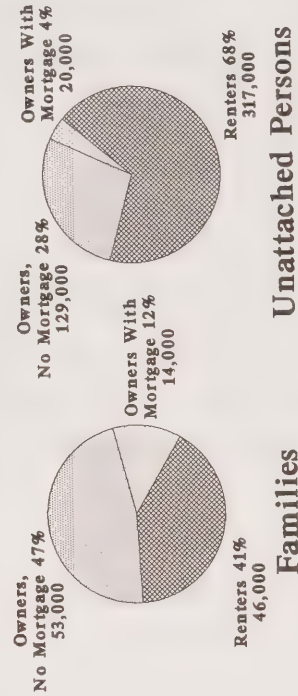
The top half of Graph V gives the poverty rates by housing status for families and unattached individuals under 65 and elderly families and unattached individuals. In both age groups, poverty rates were highest for unattached individuals and families who rented their homes. For the under 65 group, poverty rates increased from the category homeowners with mortgages to owners without mortgages to renters. For the 65 and older group, the pattern was different: homeowners without mortgages had significantly lower poverty rates than homeowners with mortgages.

There are also interesting differences in the distribution of poor families and unattached individuals by age group as shown in the bottom half of Graph V. For those under 65, 739,000 families or 66 percent of all poor families and 862,000 unattached people or 87 percent of all poor unattached individuals were renters. For those 65 and older, 46,000 families or 41 percent of poor families and 317,000 unattached people or 68 percent of all poor unattached seniors were renters. Most of the rest of the poor seniors were homeowners without mortgages. Presumably, most of them paid off their mortgages during the course of their working lives but still wound up in poverty because their annual retirement incomes were very low.

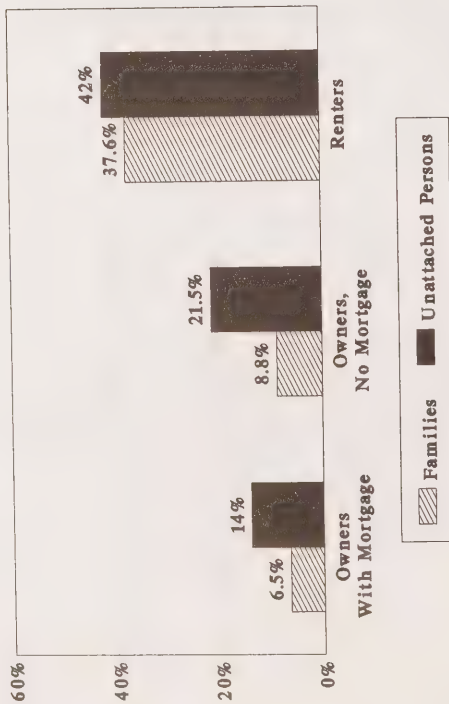
Poverty Rates for Homeowners
And Renters 65 and Older, 1996



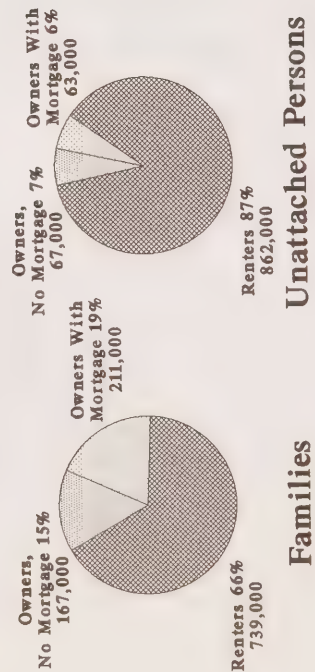
Distribution of Poor People
65 and Older by Housing Status, 1996



Poverty Rates for Homeowners
And Renters Under 65, 1996



Distribution of Poor People
Under 65 by Housing Status, 1996



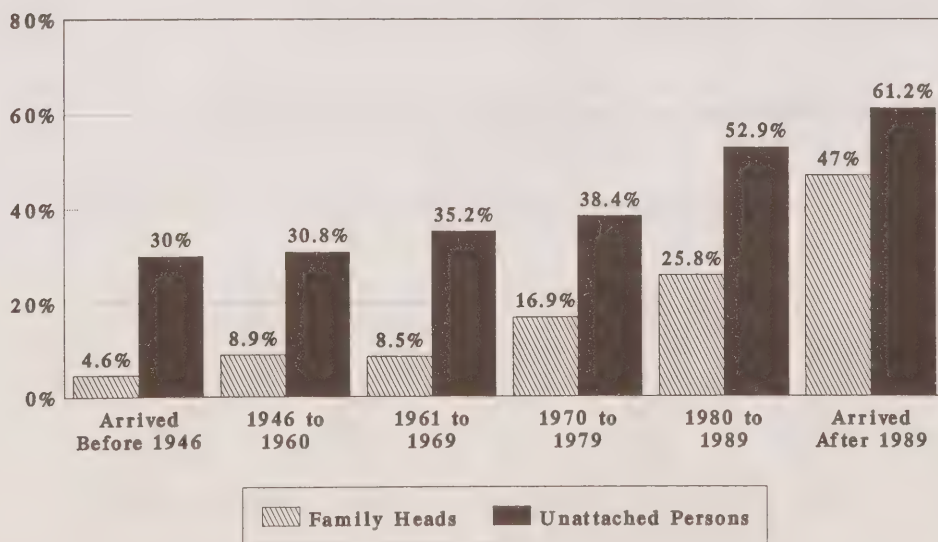
Graph V

Year of Immigration

Poverty rates are invariably lower for unattached individuals and families headed by people born in Canada than for comparable groups of immigrants. In 1996, the poverty rate for unattached individuals born in Canada was 35.8 percent, and the rate for unattached individuals who immigrated to Canada was 43.7 percent. The poverty rate for heads of families born in Canada was 13.2 percent, and the rate for heads of families born elsewhere was 21.2 percent.

Poverty rates were relatively low for families with heads who immigrated to Canada prior to 1970 and relatively high for heads of families who immigrated in recent years. Among unattached individuals, poverty rates were lowest among those who immigrated between 1946 and 1960 and highest among those who arrived after 1989. Since people who immigrated to Canada before 1946 are mostly seniors now, the lower rates of poverty in this group may reflect the fact that they are now collecting seniors' benefits.

Poverty Rates for Immigrants By Period of Immigration, 1996



Graph W

Area of Residence

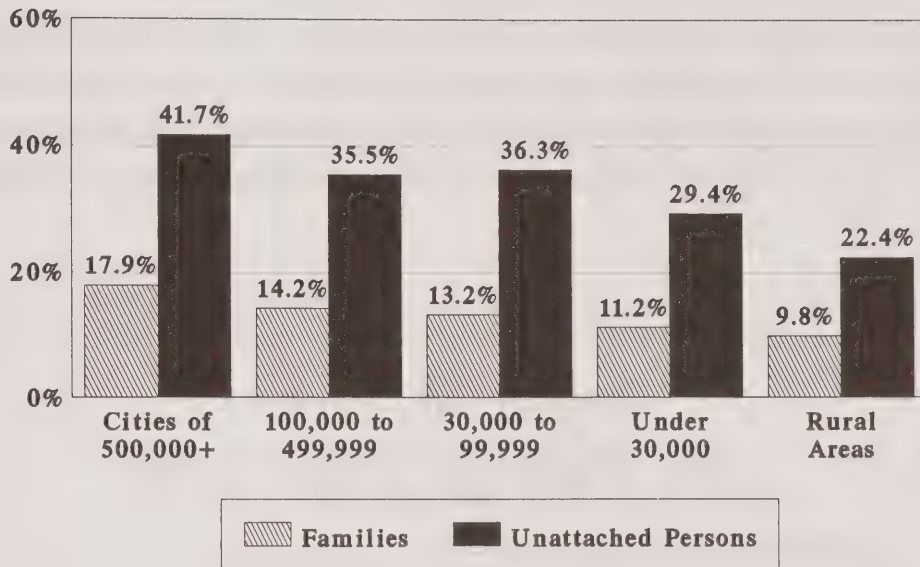
Graph X on the next page shows poverty among families and unattached people by the size of their communities. Each of the five categories in the graph corresponds to a set of poverty lines based on community size.

The top half of the graph shows that poverty rates are higher in large cities than in small towns and rural areas. This is partly due to the fact that the low income cut-offs are higher in urban areas than rural areas. For example, a single person with an annual income of \$15,000 in 1996 would have been considered poor in the nine census metropolitan areas with populations of more than half a million, but would have been above the poverty line in all other parts of Canada.

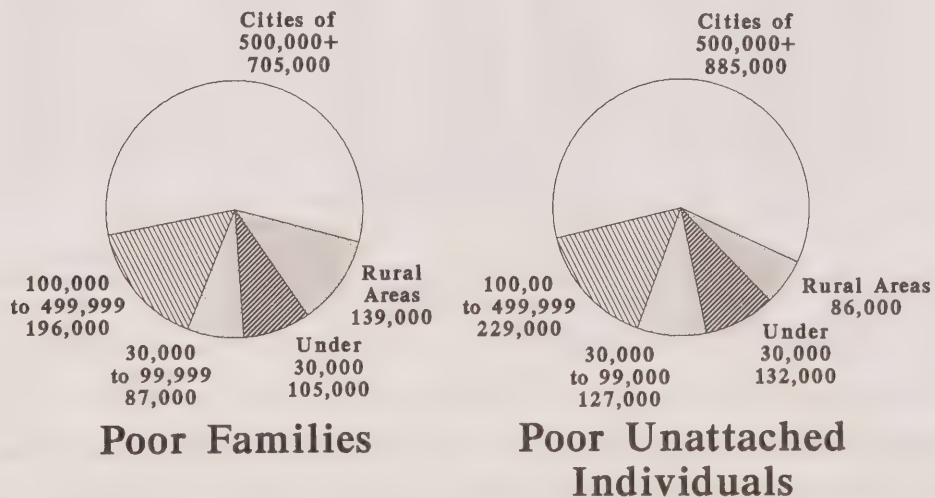
The bottom half of the graph shows the distribution of poor families and unattached individuals by community size. In 1996, 705,000 poor families or 57 percent of all poor families and 885,000 unattached individuals or 61 percent of all poor unattached people lived in cities of half a million people or more.

The percentage of poor people living in the biggest cities is disproportionately high, because only 47 percent of all families and 54 percent of all unattached individuals lived in cities of half a million or more in 1996.

Poverty Rates By Size of Area of Residence, 1996



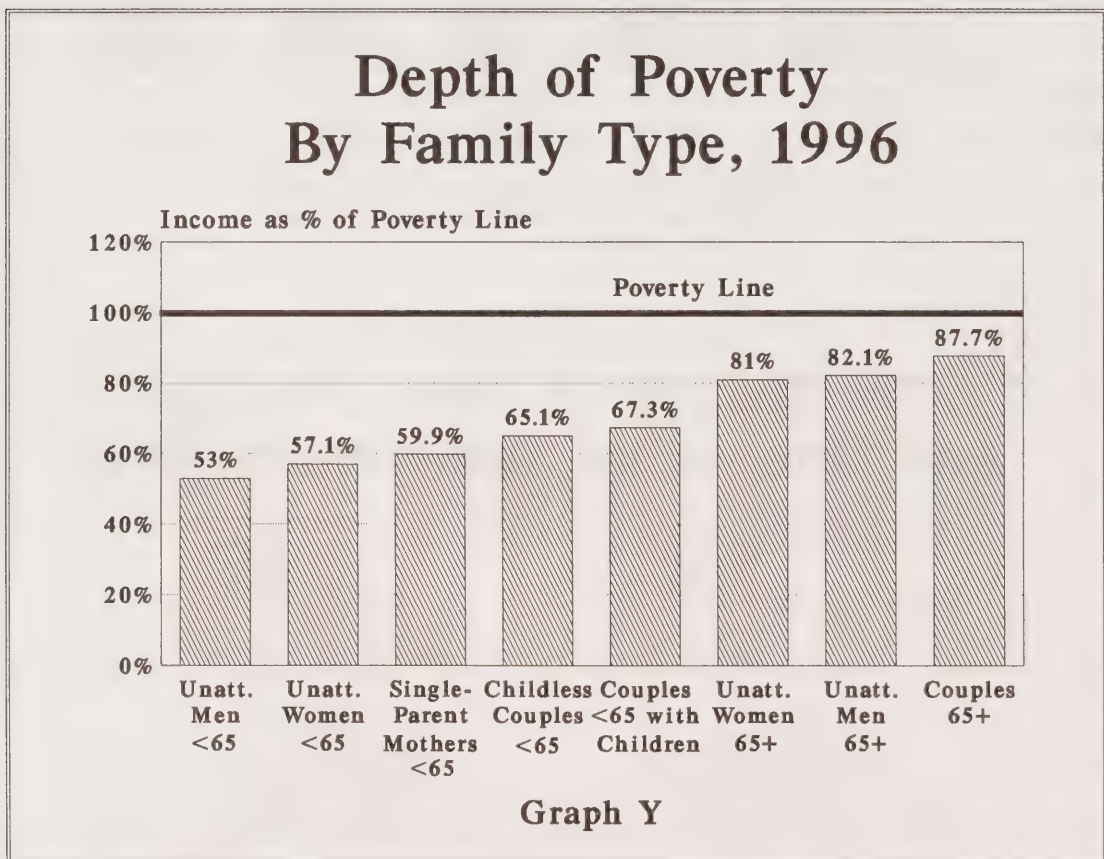
Distribution of Poor Families And Unattached Individuals, 1996



Graph X

V. DEPTH OF POVERTY AND THE POVERTY GAP

It is one thing to measure the risk of poverty and another to measure its severity. Poverty rates show the percentage of the population which is poor each year, but they do not show whether poor people are living in abject poverty or just a few dollars below the poverty line. For that, we need measures of the depth of poverty. Depth of poverty statistics also allow us to calculate the poverty gap to show how much additional income would be needed to bring all Canadians out of poverty.



Graph Y shows the average incomes of poor Canadians as a percentage of the poverty line for the eight family types which were highlighted in previous chapters. The groups are arranged with the poorest at the left of the graph and the least poor at the right. Unattached men under 65 were the

poorest of the eight family types in 1996, with total incomes that were only 53 percent of the poverty line on average. Poor married couples 65 and older were at the other end, with average incomes of 87.7 percent of the poverty line.

Depth of poverty can also be expressed in dollars as the difference between the poverty line and the average income of poor families or unattached individuals. Table 9 shows the depth of poverty by family type for 1980 and 1996, with all the figures given in 1996 dollars to factor out the effects of inflation over the years.

TABLE 9
AVERAGE DEPTH OF POVERTY BY FAMILY TYPE
IN CONSTANT 1996 DOLLARS, 1980 AND 1996

Family Type	Dollars Below Poverty Line in 1980	Dollars Below Poverty Line in 1996	% Change 1980-1996
Single-Parent Mothers under 65 with Children under 18	\$10,284	\$9,604	-7%
Couples under 65 with Children under 18	\$8,474	\$8,866	+5%
Unattached Women under 65	\$7,471	\$6,368	-15%
Unattached Men under 65	\$7,162	\$6,768	-6%
Childless Couples under 65	\$6,853	\$6,581	-4%
Unattached Men 65 and Older	\$4,203	\$2,714	-35%
Unattached Women 65 and Older	\$4,046	\$2,857	-29%
Couples 65 and Older	\$3,443	\$2,551	-26%

Poor single-parent mothers under 65 with children under 18 were the worst off, living \$10,284 below the poverty line on average in 1980 and \$9,604 below the line in 1996. Poor couples

under 65 with children under 18 were not much better off, with average incomes \$8,474 below the poverty line in 1980 and \$8,866 below the line in 1996.

Unattached women and men under 65 came next. They appear to be the worst off when depth of poverty is expressed as a percentage of the poverty line, but they have a different ranking when the measure is dollars below the poverty line. The explanation for this apparent inconsistency is that the poverty lines are higher for families than they are for unattached people. A family of four living in a large city at half the 1996 poverty line of \$31,862 would have been \$15,931 below the line, while a single person at half the poverty line of \$16,061 would have been \$8,031 below the line.

The right-hand column of Table 9 shows the percentage change in the depth of poverty between 1980 and 1996 by family type. Negative figures mean the depth of poverty for the family type improved and got closer to the poverty line in 1996 than in 1980, while positive figures mean the depth of poverty got worse.

Depth of poverty figures normally decrease in good times and increase in bad times. From 1980 to 1996, poor couples under 65 with children under 18 were the only family type to experience an increase in their average depth of poverty. All the other family types were better off in 1996 than they were in 1980. Poor seniors gained the most during this period. The depth of poverty declined by 35 percent for unattached senior men, 29 percent for unattached senior women and 26 percent for married couples over 65.

Using the average depth of poverty in dollars for different family types and the number of families or unattached individuals in each group, it is possible to calculate Canada's total poverty gap, or the amount of additional income that would be required to bring all Canadians above the poverty line in any given year.

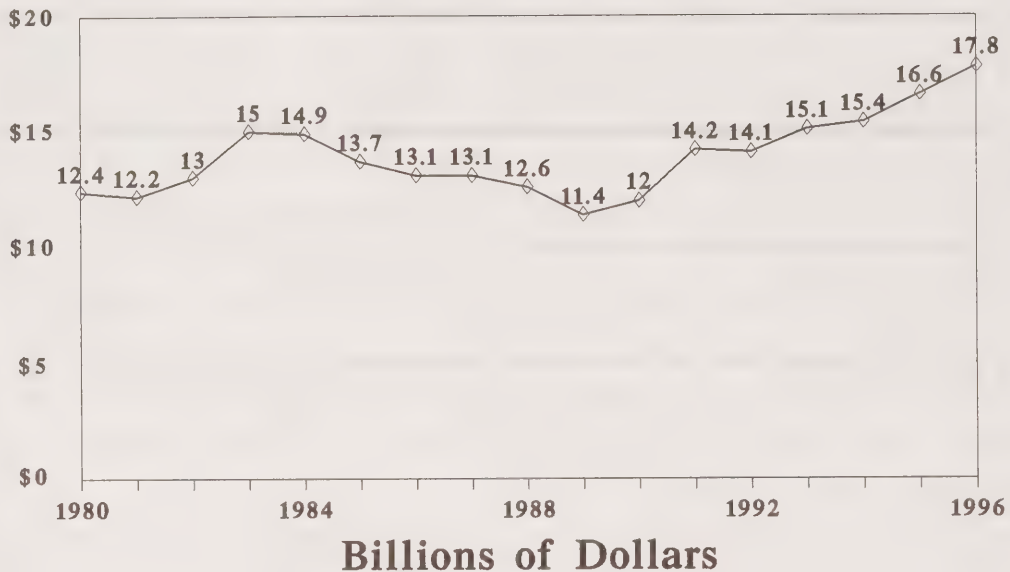
The poverty gap in 1996 was \$17.8 billion, as shown in Table 10 on the next page. Four family types accounted for more than three-quarters of the gap: unattached men under 65, couples under 65 with children under 18, unattached women under 65, and single-parent mothers under 65 with children under 18. The ranking of these four groups changes from year to year, but no other family types come close to the size of their poverty gaps.

TABLE 10
TOTAL POVERTY GAP BY FAMILY TYPE, 1996

Family Type	Poverty Gap	Percentage of Total Gap
Single-Parent Mothers under 65 with Children under 18	\$3,641,000,000	20.5%
Unattached Men under 65	\$3,629,000,000	20.4%
Couples under 65 with Children under 18	\$3,276,000,000	18.4%
Unattached Women under 65	\$2,899,000,000	16.3%
Couples under 65 without Children	\$1,312,000,000	7.4%
Unattached Women 65 and Older	\$1,071,000,000	6.0%
Unattached Men 65 and Older	\$247,000,000	1.4%
Couples 65 and Older	\$199,000,000	1.1%
Others	\$1,501,000,000	8.4%
Total Poverty Gap	\$17,775,000,000	100.0%

Canada's poverty gap rose and fell in recent years in much the same way that poverty rates rose and fell, as shown in Graph Z on the next page. All the dollar figures have been expressed in constant 1996 dollars to show the trends with the effects of inflation removed. The gap was \$12.4 billion in 1980, it rose to \$15 billion in 1983 in the wake of the recession, and it fell for most of the rest of the decade. With the start of another recession in 1990, the gap rose again. In 1996, it had reached a peak of \$17.8 billion.

Canada's Total Poverty Gap In Constant 1996 Dollars



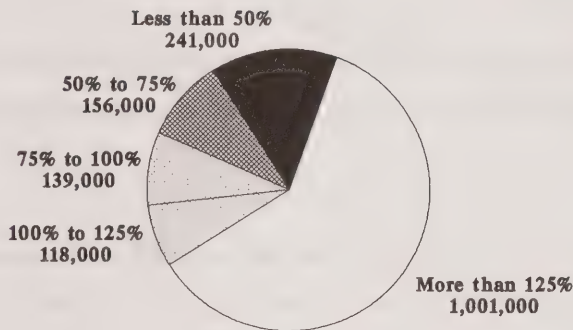
Graph Z

A third way of looking at depth of poverty is to group families and unattached individuals into income categories based on percentages of the poverty lines, as in Graph AA and AB on the pages that follow.

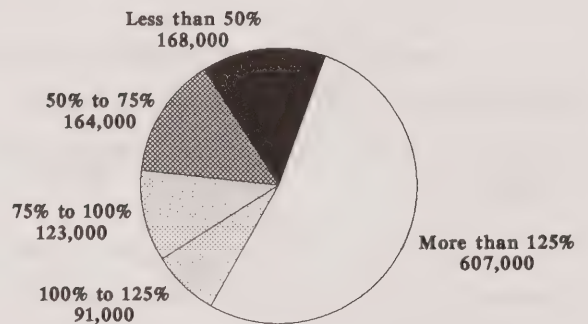
Graph AA shows the distribution of incomes in 1996 for the four types of unattached individuals. Each type is represented by a pie, and the slices of the pies represent people in different income categories: less than 50 percent of the poverty line, 50 to 75 percent of the line, 75 to 100 percent of the line, 100 to 125 percent of the line, and more than 125 percent of the line.

The income distributions for unattached men and women under 65 are shown in the two pies in the top half of Graph AA. Relatively large numbers of people were well below the poverty line in 1996. The poorest of the poor were the 241,000 poor unattached men under 65 and the 168,000 poor unattached women under 65 with incomes of less than 50 percent of the poverty line. They would have needed huge increases in their incomes to escape poverty.

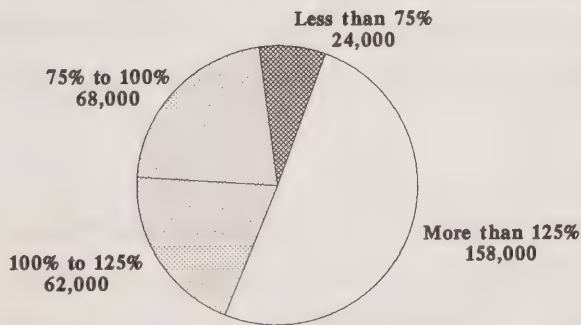
Income Distributions in 1996 As Percentages of the Poverty Line



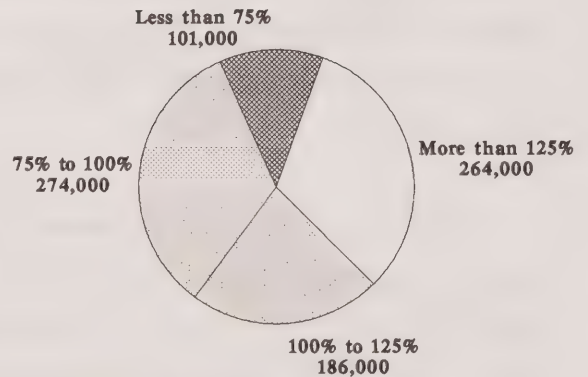
**Unattached Men
Under 65**



**Unattached Women
Under 65**



**Unattached Men
65 and Older**



**Unattached Women
65 and Older**

Graph AA

The income distributions were markedly different for the unattached men and women 65 and older as shown in the two pies in the bottom half of the graph. The category less than 50 percent of the poverty line was so small that it had to be combined with the category 50 to 75 percent of the poverty line. Huge numbers of unattached seniors fell into the two categories shown in light gray: 75 to 100 percent of the poverty line and 100 to 125 percent of the line. With this kind of income distribution, poverty rates could fall or rise noticeably if unattached seniors saw their incomes go up or down by even a few dollars a week.

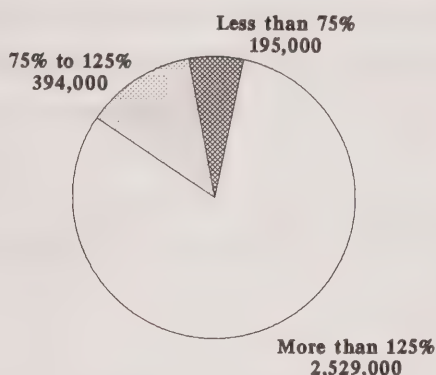
To get an idea of the impact of modest increases or decreases in income for all unattached individuals, the National Council of Welfare recalculated the 1996 poverty statistics according to hypothetical best-case and worst-case scenarios.

In the best-case scenario, we assumed that all the poor unattached people with incomes between 75 and 100 percent of the poverty line - one of the light gray slices of each pie in Graph AA - got enough additional income in 1996 to put them over the poverty line. The number of poor unattached individuals would have dropped from 1,457,000 to 853,000 under this scenario, and the poverty rate would have fallen from 37 percent to 21.6 percent.

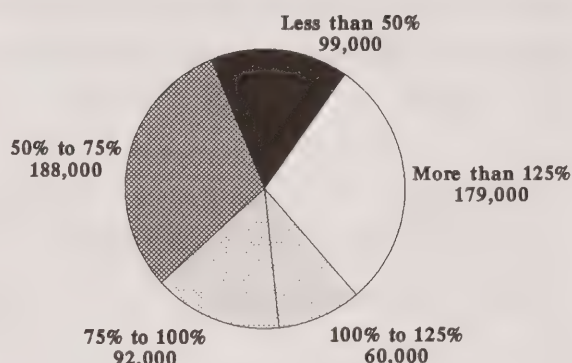
In the worst-case scenario, we assumed that all “near poor” unattached people with incomes of 100 to 125 percent of the poverty line - the other light gray slice of each pie - lost enough income in 1996 to fall into poverty. The number of poor unattached individuals would have risen from 1,457,000 to 1,914,000 under this scenario, and the poverty rate would have shot up from 37 percent to 48.5 percent.

Graph AB on the next page presents the same kind of income distributions for families. The three pies for couples under 65 with children under 18, couples under 65 without children, and couples 65 and older are similar. The vast majority of families had incomes of more than 125 percent of the poverty line. The light gray slices representing incomes of 75 to 100 percent of the poverty line and 100 to 125 percent of the line are relatively small - so small that the categories had to be combined in two of the pies to be identified clearly. Two other categories - under 50 percent of the poverty line and 50 to 75 percent of the line - were even smaller and also had to be combined.

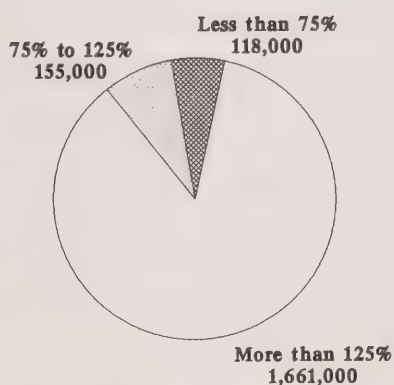
Income Distributions in 1996 As Percentages of the Poverty Line



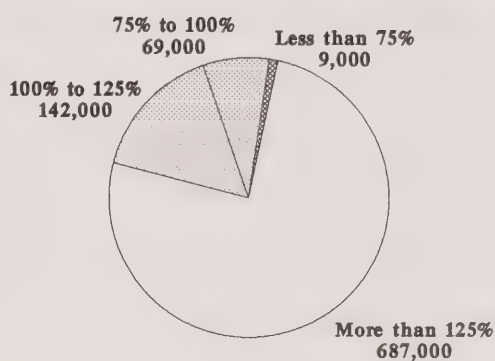
**Couples under 65
With Children**



**Single-Parent
Mothers Under 65**



**Couples Under 65
Without Children**



**Couples 65
and Older**

Graph AB

The one family type that was the exception to the overall pattern for families was single-parent mothers under 65 with children under 18. Relatively few single-parent mothers have incomes of 125 percent or more of the poverty line. That pie chart also shows 99,000 single-parent mothers with incomes of less than half the poverty line and 188,000 mothers at 50 to 75 percent of the poverty line.

Under a hypothetical best-case scenario, with all families at 75 to 100 percent of the poverty line getting additional income and moving out of poverty, the number of poor families would have dropped from 1,230,000 to 718,000 in 1996 and the poverty rate would have fallen from 14.8 percent to 8.6 percent.

Under a worst-case scenario, with families at 100 to 125 percent of the poverty line falling into poverty, the number of poor families would have risen from 1,230,000 to 1,841,000, and the poverty rate would have risen from 14.8 percent to 22.9 percent.

VI. POOR CANADIANS AND THEIR SOURCES OF INCOME

One measure of the financial plight of poor people is how far they live below the poverty line. Another is how their incomes compare to average incomes. Table 11 gives the average income of poor Canadians by family type in 1996, the average income of all Canadians by family type, and the relationship between the two. For example, unattached men under 65 who were poor had a total income of \$8,003 on average in 1996. The average income of all unattached men under 65, both poor and non-poor, was \$28,246. The average income of poor men under 65 amounted to only 28 percent of the average income of all unattached men under 65.

TABLE 11

INCOMES OF THE POOR COMPARED TO AVERAGE INCOMES, 1996

Family Type	Average Income of Poor	Average Income of All	Income of Poor as Percentage of All
Unattached Men under 65	\$8,003	\$28,246	28%
Unattached Women under 65	\$8,531	\$23,465	36%
Unattached Men 65 and Older	\$12,454	\$25,020	50%
Unattached Women 65 and Older	\$12,188	\$18,139	67%
Childless Couples under 65	\$12,734	\$56,691	22%
Single-Parent Mothers under 65 with Children under 18	\$14,437	\$24,092	60%
Couples 65 and Older	\$18,206	\$39,588	46%
Couples under 65 with Children under 18	\$20,028	\$64,070	31%

The differences between the average incomes of the poor and all Canadians are striking. Poor couples under 65 with children under 18 had an average family income of \$20,028 in 1996, for example, while the average income of all couples with children under 18 was \$64,070, more than three times as large.

The differences were much less for unattached seniors and single-parent mothers, because average incomes were much less. The average income for poor single-parent mothers under 65 with children under 18 was \$14,437 in 1996, but the average income of all single-parent mothers was only \$24,092 - much less than average incomes for all husband-wife families.

Obviously, many poor Canadians rely on government programs of one kind or another to help make ends meet. In some cases, the amounts provided by governments are surprisingly modest, and the amounts provided by earnings and non-government sources of income are substantial. In other cases, especially for poor seniors, governments provide a very large portion of total income.

Table 12 shows the average amount of transfer payments received by poor families and unattached individuals in 1996. Transfer payments include Canada and Quebec Pension Plan benefits, unemployment insurance, welfare, the federal Old Age Security pension and Guaranteed Income Supplement, the federal Child Tax Benefit and the federal GST credit. The Canada and Quebec Pension Plans and unemployment insurance are government-run programs, but the money comes from contributions by workers and employers, not from government.

The family types in the table are ranked according to the average size of the transfer payments, with the smallest amounts first. The second column gives the average incomes of poor families and unattached individuals from all sources - the same figures as in Table 11. The third column gives the percentage of total income from transfers.

Government programs of one kind or another provided less than half of total income for the first four family types, 69 percent of total income for single-parent mothers under 65 with children under 18, and 90 or 91 percent of total income for the three family types 65 or older.

TABLE 12
TRANSFER PAYMENTS TO THE POOR BY FAMILY TYPE, 1996

Family Type	Average Transfer Payment	Average Income from All Sources	Transfers as Percentage of Total Income
Unattached Men under 65	\$3,947	\$8,003	49%
Unattached Women under 65	\$3,724	\$8,531	44%
Childless Couples under 65	\$5,605	\$12,734	44%
Couples under 65 with Children under 18	\$8,415	\$20,028	42%
Single-Parent Mothers under 65 with Children under 18	\$10,003	\$14,437	69%
Unattached Women 65 and Older	\$11,005	\$12,188	90%
Unattached Men 65 and Older	\$11,203	\$12,454	90%
Couples 65 and Older	\$16,526	\$18,206	91%

Average transfer payments to poor families and unattached individuals were generally down in 1996. The average losses between 1995 and 1996 were \$670 for poor childless couples under 65, \$33 for poor couples under 65 with children under 18, \$230 for poor single-parent mothers under 65 with children under 18, \$243 for poor unattached senior women, and \$62 for poor unattached senior men.

The losses are relatively small in absolute terms, but they are large when compared with the low incomes of poor Canadians. The loss of \$670 by poor childless couples under 65, for example, represents an 11 percent decrease from their 1995 total average income of \$6,275.

The three family types to get higher transfer payments in 1996 were poor unattached senior men, whose average gain was \$273, poor unattached women under 65, whose average gain was \$42, and poor married couples 65 and older, whose average gain was \$42.

Senior Couples and Unattached Individuals

One reason that poverty rates for seniors improved so dramatically has been the variety of government programs for seniors. Table 13 on the next page provides a closer look at these and other common sources of income for poor senior couples and poor unattached men and women 65 and older. For each family type, there are two columns. The first column indicates the percentage of poor families or unattached individuals with income from a particular source. The second column gives the average amount received by recipients only. Poor people who did not receive a particular type of income were not included in calculating the average amount of that type of payment.

Almost all poor seniors got a sizable portion of their total incomes from the federal government's Old Age Security pension and Guaranteed Income Supplement. The reason the percentages are less than 100 percent is probably because some poor seniors were recent immigrants to Canada who did not meet the residence requirements of the programs. The maximum Old Age Security pension and Guaranteed Income Supplement for senior couples in 1996 was \$16,905, and the maximum for an unattached senior was \$10,426.

The second most important source of income were the benefits from the Canada Pension Plan or Quebec Pension Plan. In 1996, 72 percent of poor senior couples, 74 percent of poor unattached senior men and 64 percent of poor unattached senior women claimed CPP or QPP. The maximum retirement benefit under the two plans was \$8,725 in 1996, and the maximum survivor pension for a person 65 and older was \$5,235. The maximums relate to career earnings above the average wage. People who had lower earnings during their careers get lower benefits.

In recent years, the percentage of poor seniors who receive CPP or QPP benefits and the amounts they receive on average have increased markedly. The increases have offset declines in investment income, presumably due to lower interest rates, and they also made seniors less dependent on the Guaranteed Income Supplement. In turn, the drop in average GIS entitlements was good news for the federal government as it helped to reduce the size of the deficit.

Some poor seniors had income from investments in 1996. Although investment incomes were up slightly from 1995, the average amounts were modest.

TABLE 13
SOURCES OF INCOME FOR POOR SENIORS, 1996

Source of Income	Poor Couples 65 and Older (78,000)		Poor Unattached Men 65 and Older (91,000)		Poor Unattached Women 65 and Older (375,000)	
	Percent who Receive	Average Amount to Recipient	Percent who Receive	Average Amount to Recipient	Percent who Receive	Average Amount to Recipient
Old Age Pension and Guaranteed Income Supplement	95%	\$12,522	97%	\$7,492	98%	\$8,246
Canada and Quebec Pension Plans	72%	\$5,119	74%	\$4,287	64%	\$3,546
Investment Income	33%	\$1,687	31%	\$2,045	30%	\$1,725
Provincial Supplements	29%	\$1,263	19%	\$2,017	23%	\$1,170
Occupational Pension Plans	16%	\$3,027	19%	\$2,266	13%	\$3,010
RRSPs	2%	\$3,559	sample too small		2%	\$1,853
Income from All Sources	100%	\$18,206	100%	\$12,454	100%	\$12,188

The category provincial supplements refers to the supplements for low-income seniors given by some provincial governments. It also includes some welfare benefits for seniors in provinces that do not have supplements. The amounts provided by these programs vary greatly from province to province, and the amounts received were modest on average.

A fairly small proportion of poor seniors had income from occupational pension plans. Poor coverage has been a long-term problem of occupational pension plans, and Table 13 shows how little retirement income the plans provided to people who retired at the low end of the income scale.

Much the same could be said of income from RRSPs or registered retirement savings plans. Very few poor seniors got income from RRSP annuities in 1996. In the vast majority of cases, that is because they could not afford to contribute to RRSPs before they retired.

Families and Unattached Individuals Under 65

A different picture emerges when we look at sources of income for poor people under 65. Earned income is often the major source of income, although welfare and unemployment insurance benefits are also important. Details are provided in Table 14 on the next page.

Earnings were the single most important source of income in 1996 for four of the five family types listed in Table 14, and they were the second most important source of income for poor single-parent families led by women. Earnings were reported by 56 percent of poor unattached men under 65; 57 percent of poor unattached women under 65; 57 percent of poor childless couples under 65; 80 percent of poor couples under 65 with children under 18; and 46 percent of poor single-parent mothers under 65 with children under 18.

The average amounts of earnings were significant in all cases. The average of \$7,629 earned by poor single-parent mothers, for example, was equivalent to 38 weeks of work for 40 hours a week at a rate of \$5 an hour or 19 weeks of full-time work at \$10 an hour.

The percentage of poor people under 65 with income from earnings has been declining fairly steadily since the last recession, but the trends are not clear for all family types, and some of the changes are subtle. The most disturbing drops occurred among poor couples under 65 with children under 18 and among poor single-parent mothers under 65. The percentage of poor couples with children who had earnings was 89 percent in 1990, 84 percent in 1991, 83 percent in 1992, 77 percent in 1993 and 1994, 81 percent in 1996, and 80 percent in 1996. The percentage of poor single-parent mothers with earnings was down from 55 percent in 1990 to 46 percent in 1995 and 1996.

TABLE 14

SOURCES OF INCOME FOR POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65, 1996

Source of Income	Unattached Men (536,000)		Unattached Women (455,000)		Couples without Children (199,000)		Couples with Children (370,000)		Single-Parent Mothers (379,000)	
	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient	Percent Receiving	Average Amount to Recipient
Earnings	56%	\$6,460	57%	\$7,265	57%	\$9,600	80%	\$13,464	46%	\$7,629
Welfare	41%	\$5,842	36%	\$6,439	33%	\$8,091	35%	\$8,861	68%	\$9,218
Unemployment Insurance	14%	\$4,420	10%	\$3,377	15%	\$4,546	22%	\$5,103	8%	\$4,487
Investments	10%	\$1,266	12%	\$1,752	22%	\$2,686	21%	\$1,737	5%	\$2,082
Child Tax Benefit	---	---	---	---	---	---	99%	\$2,665	99%	\$2,362
Canada & Quebec Pension Plans	8%	\$5,855	12%	\$4,818	21%	\$5,936	7%	\$6,032	4%	\$6,172
Occupational Pension Plans	1%	\$5,578	2%	\$5,339	8%	\$7,035	1%	\$5,756	---	---
Workers Compensation	2%	\$4,609	1%	\$2,718	4%	\$6,835	3%	\$7,068	2%	\$7,326
Child and/or Spousal Support	---	---	1%	\$3,014	---	---	3%	\$2,350	18%	\$3,881
Income from All Sources	100%	\$8,003	100%	\$8,531	100%	\$12,734	100%	\$20,028	100%	\$14,437

One third to more than two-thirds of each of the five family types received welfare during 1996. Welfare payments were reported by 41 percent of the poor unattached men under 65; 36 percent of the poor unattached women under 65; 33 percent of the poor childless couples under 65; 35 percent of the poor couples under 65 with children under 18; and 68 percent of the poor single-parent mothers under 65 with children under 18. Judging by the average amounts received, many of the poor unattached men and women and the poor single-parent families who received welfare were on welfare most of the year. Poor couples, with or without children, seem to have spent less time on welfare on average than the other family types. As the National Council of Welfare reported in Welfare Incomes 1996, unattached people could have received provincial welfare and related benefits ranging between \$2,502 and \$6,584 a year, single parents with one child between \$9,192 and \$11,964, and couples with two children \$10,711 to \$15,273.⁵

The percentage of poor families and unattached individuals on welfare has increased in recent years. The sharpest increase was among poor couples under 65 with children under 18 - from 23 percent in 1990 to 35 percent in 1995 and 1996.

Unemployment insurance benefits were reported in 1996 by 14 percent of the poor unattached men under 65; 10 percent of the poor unattached women under 65; 15 percent of the poor childless couples under 65; 22 percent of the poor couples under 65 with children under 18; and 8 percent of the poor single-parent mothers under 65 with children under 18. The average amounts received suggest that poor families or unattached people depended on unemployment insurance for fairly long periods. As of January 1, 1996, unemployment insurance replaced 60 percent of insurable earnings for beneficiaries with dependents and low earnings. The replacement rate was 55 percent of insurable earnings for all other workers.

Between five and 22 percent of poor families and unattached individuals under 65 had income from investments, but the amounts received were modest.

The federal Child Tax Benefit was introduced in 1993 to replace Family Allowances, the refundable Child Tax Credit and the non-refundable credit for families with children under 18 who pay federal income tax. The maximum child tax benefit in most parts of Canada in 1996 was \$1,233 for each child under age seven and \$1,020 for each child seven through 17. The rates are somewhat different in Quebec and Alberta at the request of the two provincial governments.⁶

Twelve percent of poor unattached women under 65 claimed Canada and Quebec Pension Plan benefits, as did 21 percent of poor couples under 65 without children, and much smaller percentages of the three other family types. The Survey of Consumer Finances does not specify the type of CPP or QPP benefit, but the category could include people between 60 and 65 who took early retirement, widows or widowers who received survivor pensions from the plans, or people who got disability pensions. Similarly, people who got money from occupational pension plans could have received retirement, survivor or disability pensions.

A very small percentage of poor families and unattached individuals received workers' compensation. For most poor people receiving received workers' compensation, the average amount was fairly large. For unattached women, however, the amount was modest.

Table 14 shows that 18 percent of poor single-parent mothers under 65 received support payments in 1996, and the average amount received was \$3,881. One percent of poor unattached women under 65 and three percent of couples with children under 18 received support payments from previous marriages.

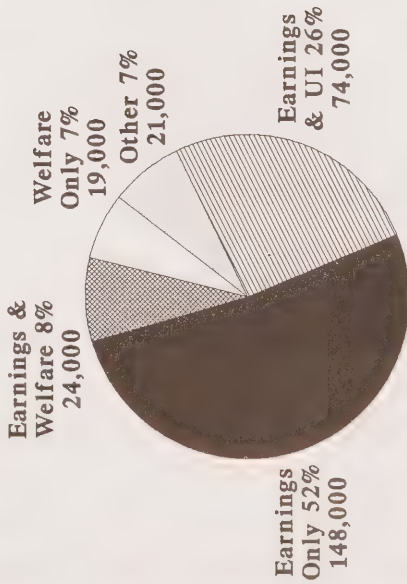
While the data in Table 14 are enlightening, they do not give a clear picture of typical combinations of types of income. Obviously, some poor people have only one main source of income and others have more than one.

The National Council of Welfare asked Statistics Canada to do special data tabulations to differentiate the poor families and unattached individuals in Table 14 according to their primary source or sources of income. Primary sources of income for people under 65 were assumed to be earnings, welfare and unemployment insurance.

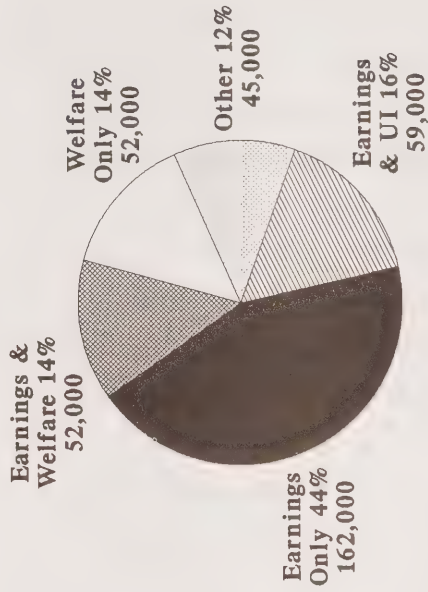
The result was a series of tables based on different combinations of income: earnings alone, welfare alone, earnings and welfare together, and earnings and unemployment insurance together. Other possible combinations, such as welfare and unemployment insurance but not earnings, produced breakdowns too small to be used.

The next two graphs show the distribution of poor families and unattached individuals by their primary sources of income in 1980 and 1996.

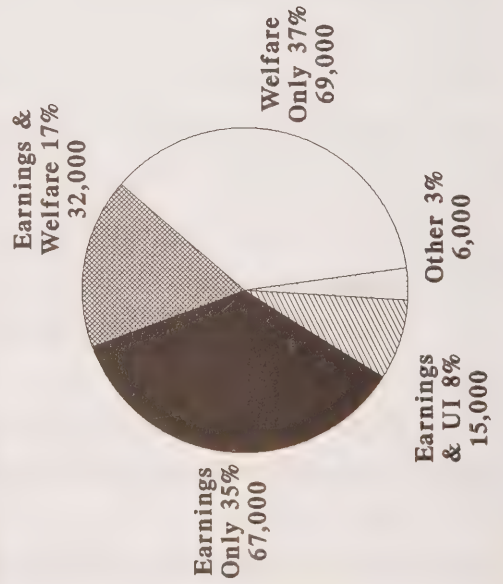
Primary Sources of Income for Poor Couples Under 65 With Children, 1980



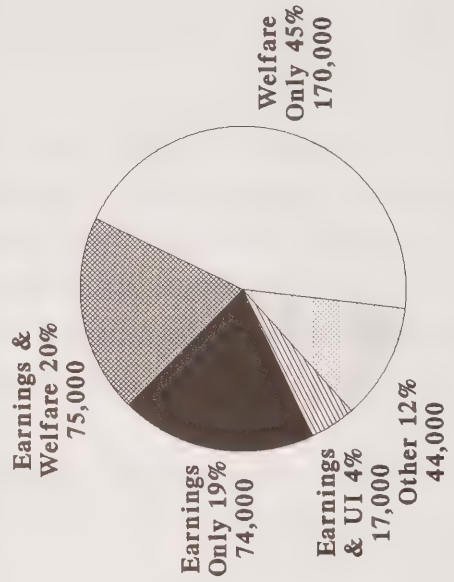
Primary Sources of Income for Poor Couples Under 65 With Children, 1996



Primary Sources of Income for Poor Single-Parent Mothers Under 65, 1980



Primary Sources of Income for Poor Single-Parent Mothers Under 65, 1996



Graph AC

The top half of Graph AC shows primary sources of income for poor couples under 65 with children under 18. The pie on the left represents primary sources of income in 1980, and the pie on the right does the same for 1996. The two pies in the bottom half of the graph show primary sources of income for poor single-parent mothers under 65 with children under 18.

The graph shows a distinct shift away from earnings toward welfare between 1980 and 1996. For poor couples with children, the size of the three slices of the pie that show earnings - earnings only, earnings and welfare, and earnings and unemployment insurance - shrank from a total of 86 percent in 1980 to 74 percent in 1996, while the slice for welfare only grew from seven percent of the pie in 1980 to 14 percent in 1996.

Poor single-parent mothers were caught in similar trends. The three earnings slices of the pie added up to 60 percent in 1980 and only 44 percent in 1996. The welfare slice of the pie increased from 37 percent in 1980 to 45 percent in 1996.

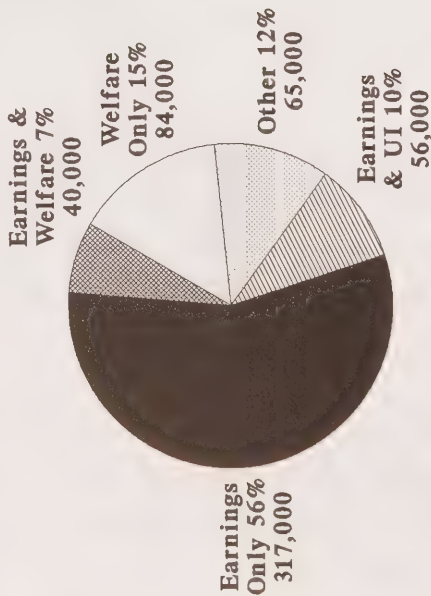
Graph AD on the next page shows primary sources of earnings for poor unattached individuals under 65 and poor childless couples under 65 in 1980 and 1996. Once again, the slices of the pie containing earnings got smaller from 1980 to 1996, and the welfare slices got bigger.

Stepping back for a broader look at Graph AC and Graph AD, it is clear that most poor families and unattached individuals under 65 had ties to the paid labour force, and a relatively small number of poor people were dependent on welfare alone.

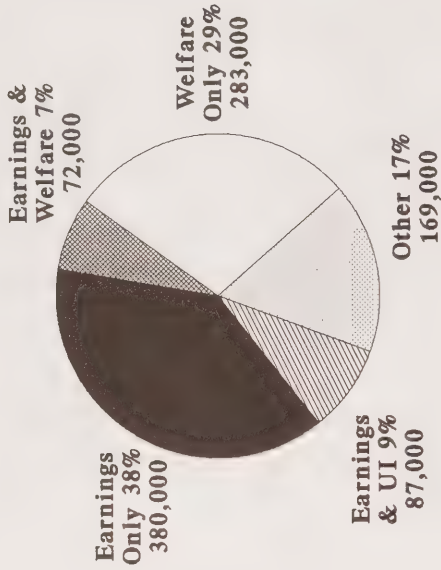
It is important to remember that the data in the graph show primary sources of income only for 1996. They do not tell us how the families and unattached individuals fared in other years. Some of the people who relied on welfare as their primary source of income, for example, could have been temporarily down on their luck and unable to find paying jobs only in 1996. Others could have been dependent on welfare for periods longer than one year.

Similarly, the data do not show the way in which different sources of income were received. Some of the poor people who relied on earnings and unemployment insurance no doubt started 1996 with paying jobs and were forced to fall back on unemployment insurance during the year. Others started the year on unemployment insurance and subsequently found new jobs.

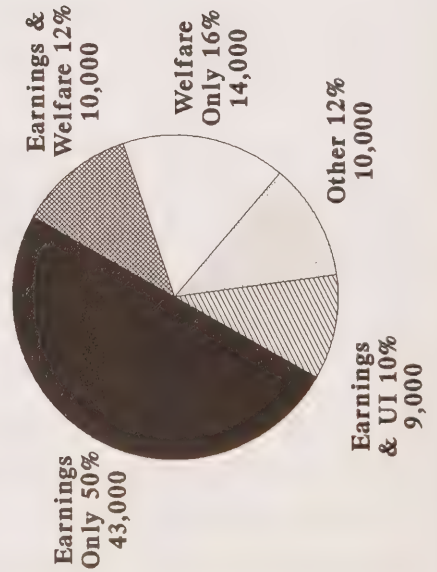
Primary Sources of Income for Poor
Unattached Individuals Under 65, 1980



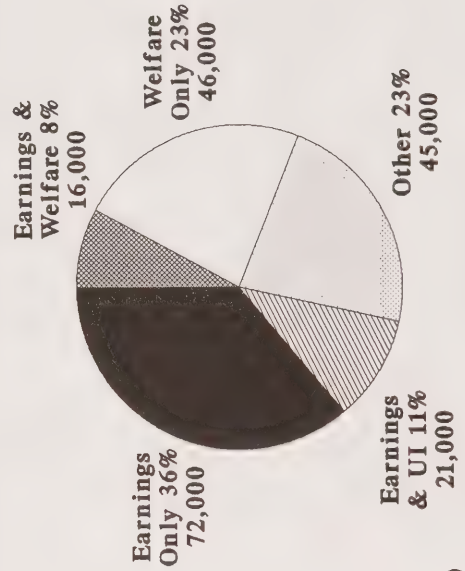
Primary Sources of Income for Poor
Unattached Individuals Under 65, 1996



Primary Sources of Income for Poor
Childless Couples Under 65, 1980



Primary Sources of Income for Poor
Childless Couples Under 65, 1996



Graph AD

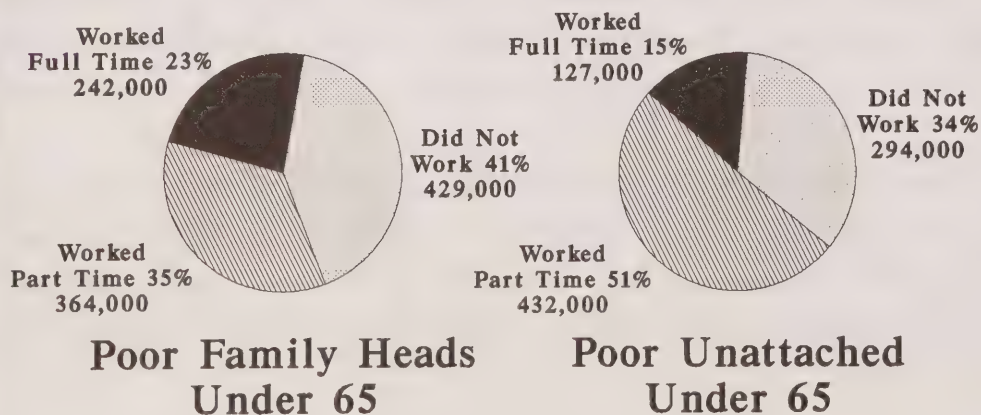
VIII. A CLOSER LOOK AT GROUPS OF SPECIAL INTEREST

The Low-Wage Poor

The low-wage poor or “working poor” are poor people who are normally in the labour force. Some researchers reserve the term for poor people who have full-time jobs for virtually the entire year. Others include poor people who have strong ties to the labour market regardless of the number of weeks worked or the normal hours of work each week.⁷

Graph AE gives a breakdown of poor family heads and unattached individuals who worked full time or part time or did not work at all for wages during 1996. In these calculations, Statistics Canada excluded family heads and unattached individuals 65 and older, as well as younger people who reported that they were permanently unable to work.

Work Activity by Family Heads and Unattached People, 1996



Graph AE

Full time means a person worked at least 49 weeks during the year and their normal work week was 30 hours or more. Part time means a person worked less than 49 weeks a year or less than 30 hours a week.

Twenty-three percent of poor family heads under 65 worked full time in 1996, 35 percent worked part time, and the remaining 41 percent did not work at all for wages. Among poor unattached individuals under 65, 15 percent worked full time, 51 percent worked part time, and the other 34 percent did not work at all for wages.

Another way to define the low-wage poor is families and unattached individuals living below the poverty line who get at least half of their total income from employment. This definition puts aside the distinction between full-time and part-time work and focuses on poor people who spend a substantial part of the year in paid jobs.

Using this definition, Statistics Canada identified a total of 432,000 families with heads under 65 and 453,000 unattached individuals under 65 who made up the low-wage poor in 1996. Table 15 gives the details for the five main family types under 65. As in Graph AE, the table excludes people permanently unable to work.

Earnings were the most important source of income for four of the five family types shown. Fifty percent of the poor unattached men under 65, 57 percent of the poor unattached women, 45 percent of the poor couples without children and 60 percent of the poor couples with children were working poor. The exception was single-parent mothers. Only 22 percent of the poor single-parent mothers under 65 with children under 18 got half or more of their total income from earnings.

The lower part of Table 15 shows the average incomes of the low-wage poor and the importance of their earnings. Average earnings for unattached men and women, for example, were the equivalent of 38 to 41 weeks of work at \$5 an hour for 40 hours a week. Average earnings for families were much higher, suggesting that family heads either had higher wage rates or had second earners in their families.

TABLE 15
POOR FAMILIES AND UNATTACHED INDIVIDUALS UNDER 65
WITH EARNINGS OF 50 PERCENT OR MORE OF TOTAL INCOME, 1996

	Unattached Men	Unattached Women	Childless Couples	Couples with Children	Single-Parent Mothers
Total Number of Poor Families or Unattached People *	466,000	387,000	175,000	349,000	367,000
Number with Earnings of 50 Percent or More of Total Income	233,000	220,000	79,000	208,000	82,000
Percentage with Earnings of 50 Percent or More of Total Income	50%	57%	45%	60%	22%
Average Annual Earnings	\$7,601	\$8,202	\$12,618	\$16,862	\$12,527
Average Income from Sources Other than Earnings	\$1,182	\$989	\$2,035	\$5,212	\$4,097
Average Total Income	\$8,783	\$9,191	\$14,653	\$22,074	\$16,624
Earnings as a Percentage of Total Income	87%	89%	86%	76%	75%

* The table excludes people 65 and older and people permanently unable to work.

The table also suggests that few low-wage poor families or unattached people relied very much on welfare or unemployment insurance, since the average amounts of income from sources other than earnings were very small. Most of the other income probably came from programs such as the federal GST credit or federal Child Tax Benefit.

Although the figures were limited to poor people whose earnings amounted to at least half of their total income, the last row of the table shows that a very large portion of poor people's total income came from earnings. Earnings accounted for between 75 percent and 89 percent of total income for the different family types.

In recent years, the number of working poor families and unattached individuals under 65 has been growing, but not as fast as the number of poor people who are able to work. Between 1989 and 1996, for example, the number of poor couples under 65 who are able to work and who have children under 18 rose 46 percent, from 239,000 families to 349,000 families. The number of working poor couples with children rose only 37 percent, from 152,000 families to 208,000 families.

Children

Child poverty rates are a reflection of parental poverty rates and tend to rise or fall as economic conditions deteriorate or improve. The most striking difference year after year is the huge gulf between poverty rates for children in two-parent families and rates for children of single-parent mothers. There are also important differences from province to province.

Table 16 on the next page gives the 1996 poverty rates and the number of children living in poverty by family type and province. The category poor children in all family types includes a small number of children who do not fall into either of the two main family types listed. The national total of 1,481,000 poor children, for example, included 78,000 poor children under 18 living in less common family circumstances. Some of them lived with single-parent fathers under 65, parents who were 65 or older, or relatives other than parents.

TABLE 16
CHILDREN UNDER 18 LIVING IN POVERTY, 1996

	Poor Children in All Family Types		Poor Children of Two-Parent Families under 65		Poor Children of Single-Parent Mothers under 65	
	Number of Children	Poverty Rate	Number of Children	Poverty Rate	Number of Children	Poverty Rate
Newfoundland	27,000	20.0%	15,000	12.7%	11,000	72.1%
Prince Edward Island	5,000	14.8%	2,000	8.3%	2,000	45.3%
Nova Scotia	51,000	23.7%	25,000	14.7%	24,000	70.5%
New Brunswick	34,000	19.6%	16,000	11.4%	17,000	67.6%
Quebec	372,000	22.2%	184,000	13.7%	167,000	62.4%
Ontario	538,000	19.9%	271,000	12.2%	245,000	66.2%
Manitoba	69,000	25.4%	37,000	16.9%	28,000	71.6%
Saskatchewan	55,000	20.9%	24,000	11.3%	29,000	68.7%
Alberta	148,000	20.3%	69,000	11.5%	72,000	70.7%
British Columbia	180,000	20.3%	86,000	12.0%	78,000	59.8%
Canada	1,481,000	20.9%	730,000	12.6%	673,000	65.3%

The national poverty rate for children rose from 20.5 percent in 1995 to 20.9 percent in 1996, and the number of poor children rose from 1,441,000 to 1,481,000, the highest level in 17 years. The lowest provincial child poverty rate was 14.8 percent in Prince Edward Island, and the highest was 25.4 percent in Manitoba.

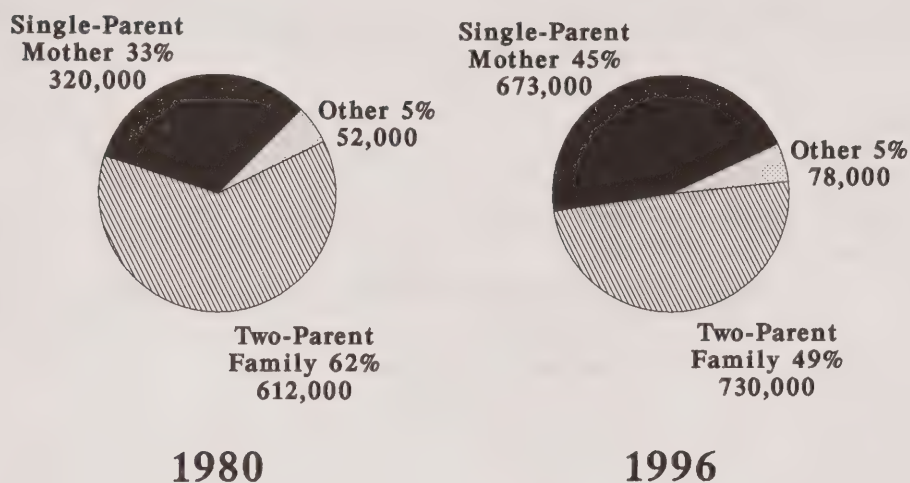
The national poverty rate for children in two-parent families was 12.6 percent, and provincial rates ranged from a low of 8.3 percent in P.E.I. to a high of 16.9 percent in Manitoba. The poverty rates for children of single-parent mothers were shockingly high. The national rate rose from

62.2 percent in 1995 to 65.3 percent in 1996. The highest provincial child poverty rate for children living with single mothers was 72.1 percent in Newfoundland, and the lowest was 45.3 percent in Prince Edward Island.

One long-standing myth about child poverty is that most poor children live in single-parent households. Table 16 shows that this is not the case for Canada as a whole. In 1996, 730,000 poor children lived in two-parent families under 65, while 673,000 poor children lived in single-parent families headed by women under 65. Even though this is the case nationally, in three provinces, poor children of single mothers outnumber poor children in two-parent families. In New Brunswick there are 17,000 poor children of single mothers, compared to 16,000 poor children of two-parent families; in Saskatchewan, there are 29,000 poor children of single mother families and 24,000 poor children in two-parent families; and in Alberta, there are 72,000 poor children of single-mother families and only 69,000 poor children of two-parent families.

Nonetheless, it is also true that a far higher proportion of children of single parents, particularly single-parent mothers, live in poverty. The proportion of poor children living with single-parent mothers has grown substantially in recent years. As Graph AF on the next page shows, 33 percent of all poor children in 1980 lived in families headed by single-parent mothers, and most of the rest lived in two-parent families. By 1996, the percentage of poor children with single-parent mothers had risen to 45 percent and the percentage living with both parents was down to 49 percent.

Poor Children By Family Type, 1980 and 1996

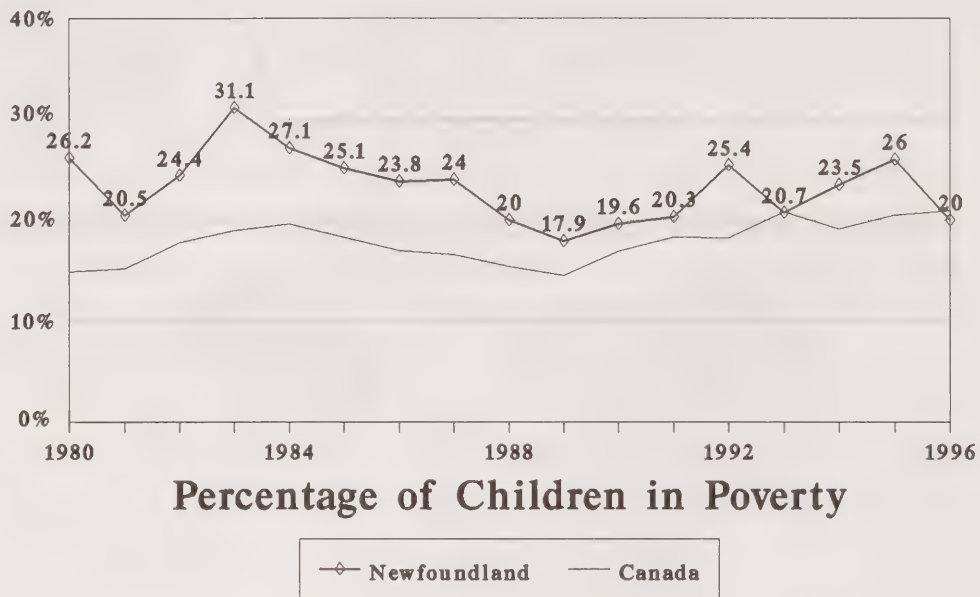


Graph AF

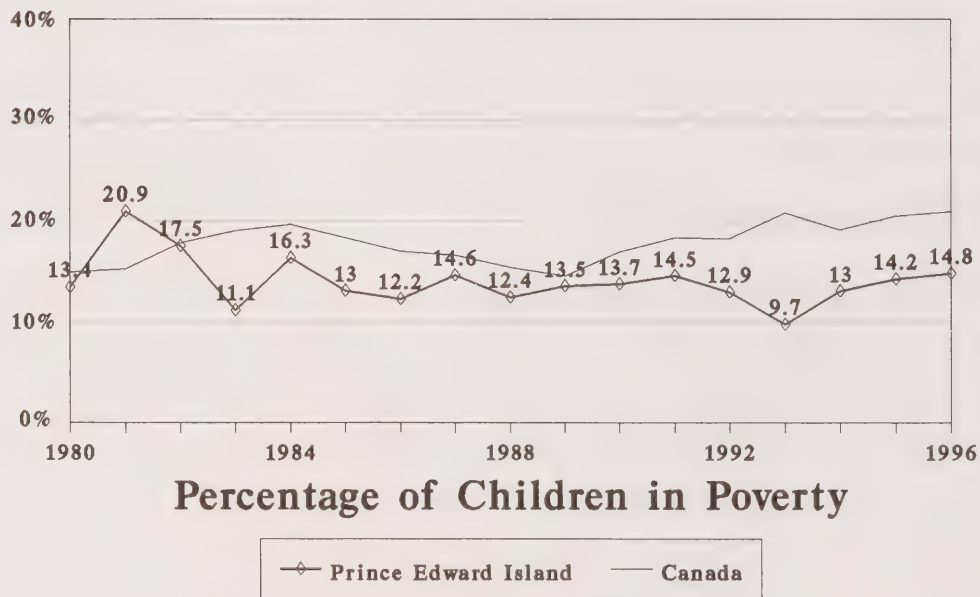
Provincial trends in child poverty are shown in the graphs on the following five pages. Each graph gives overall child poverty rates from 1980 through 1996. For purposes of comparison, each graph also contains a line without percentages that traces the national child poverty rate.

Prince Edward Island and Ontario had child poverty rates that were below average for most of the period. Newfoundland, Quebec, Manitoba and Saskatchewan were generally higher than average. Rates in Nova Scotia, New Brunswick, Alberta and British Columbia were mixed, sometimes above, and sometimes below the national child poverty rates.

Newfoundland

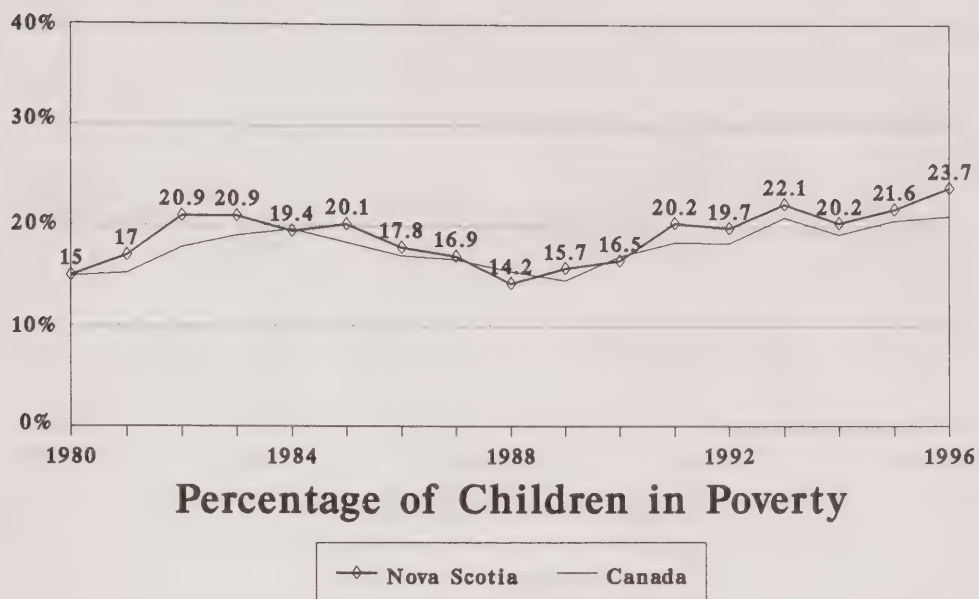


Prince Edward Island

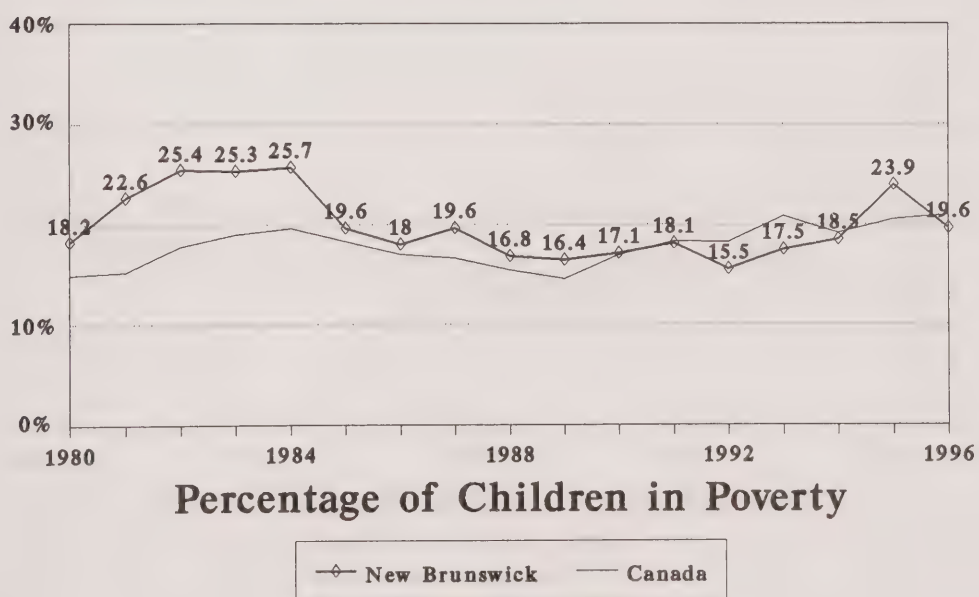


Graph AG

Nova Scotia

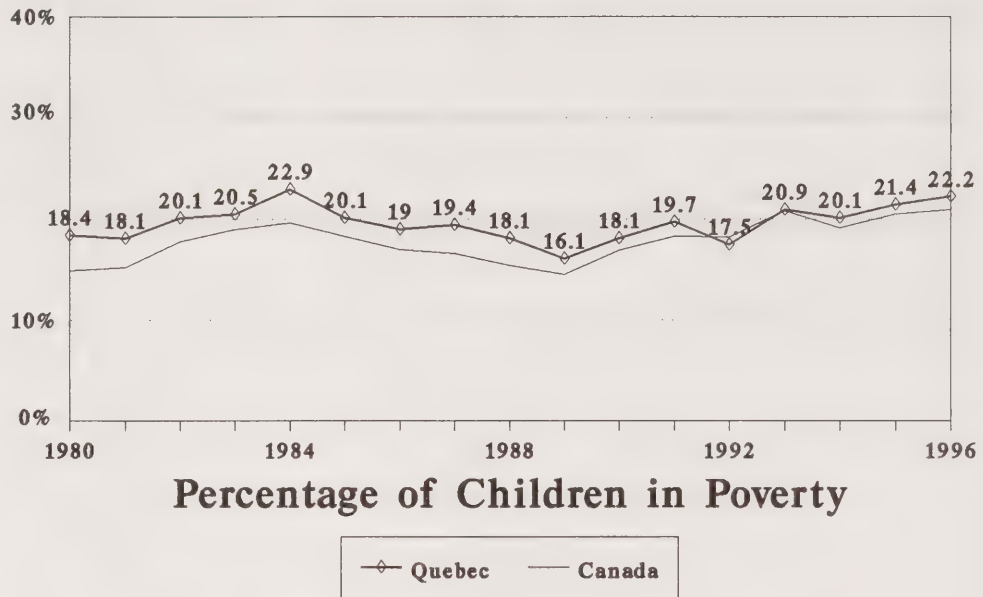


New Brunswick

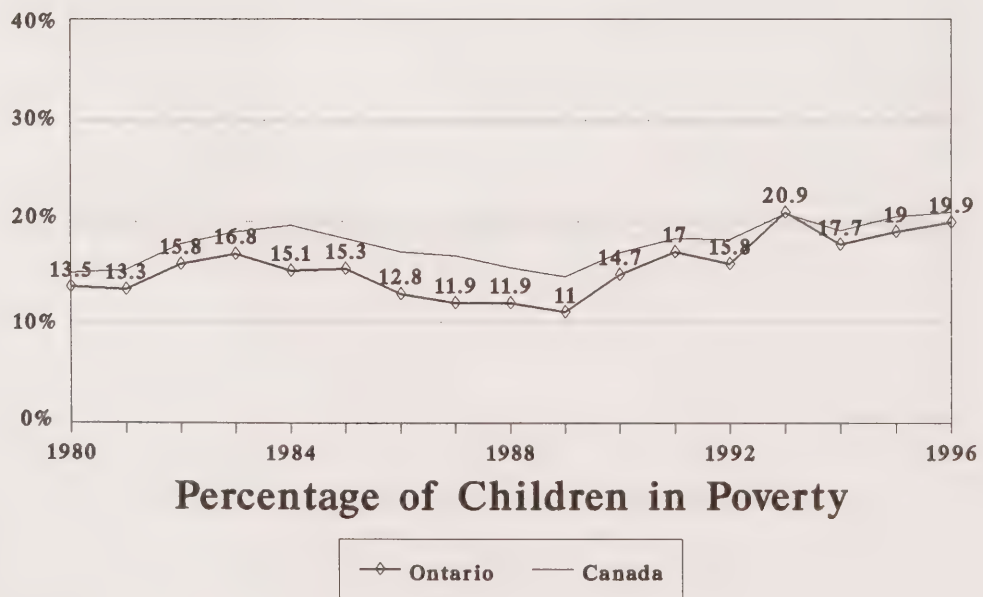


Graph AH

Quebec

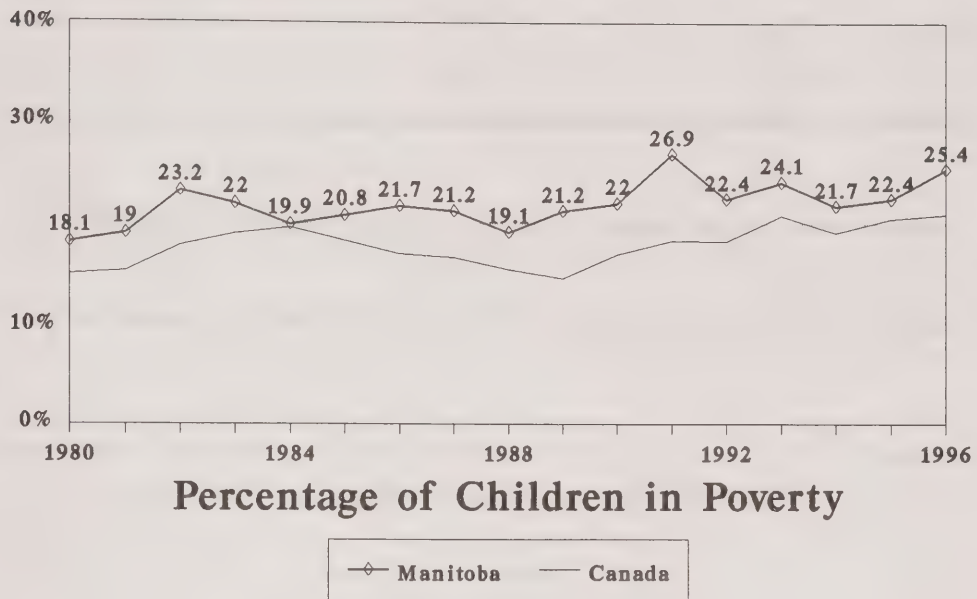


Ontario

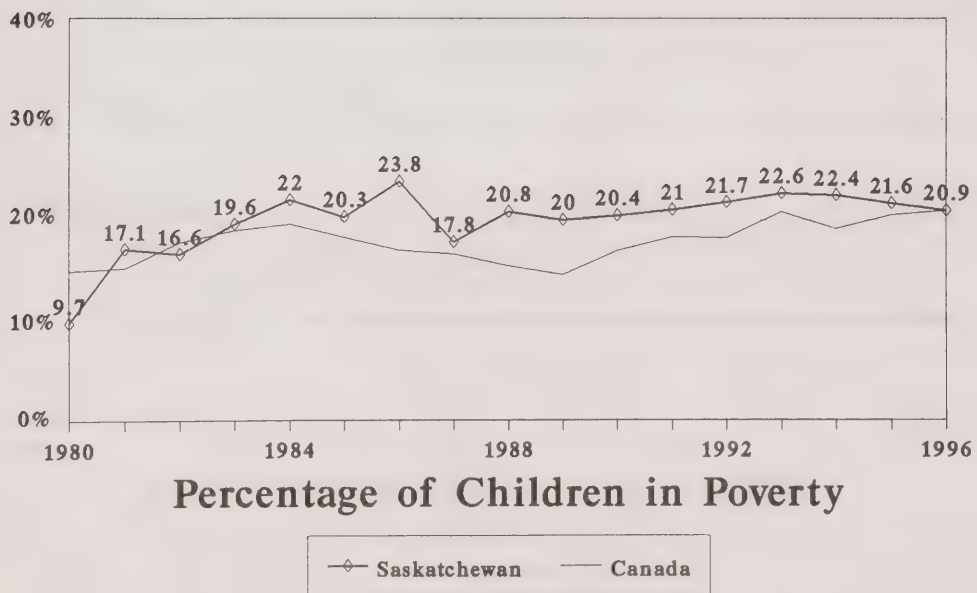


Graph AI

Manitoba

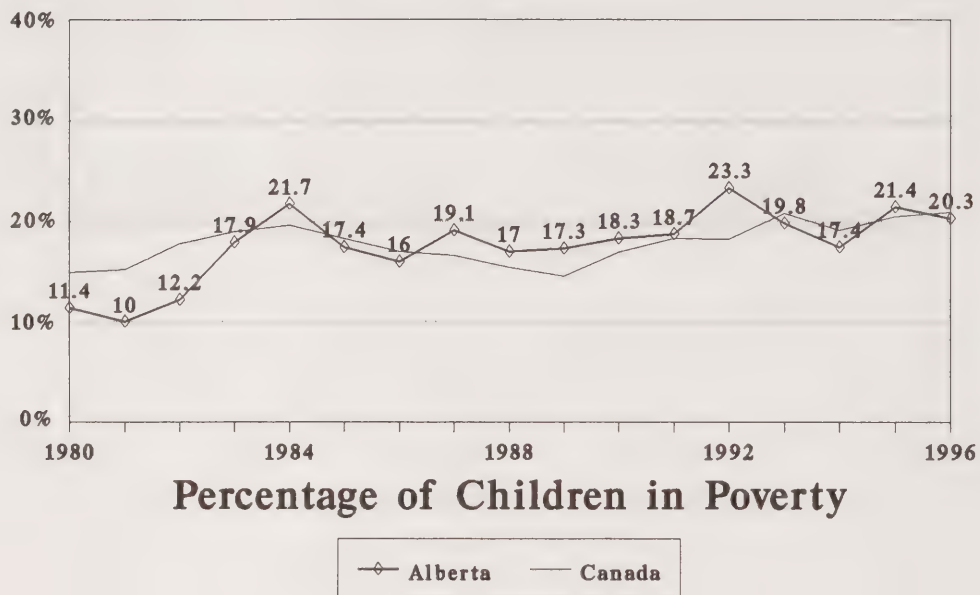


Saskatchewan

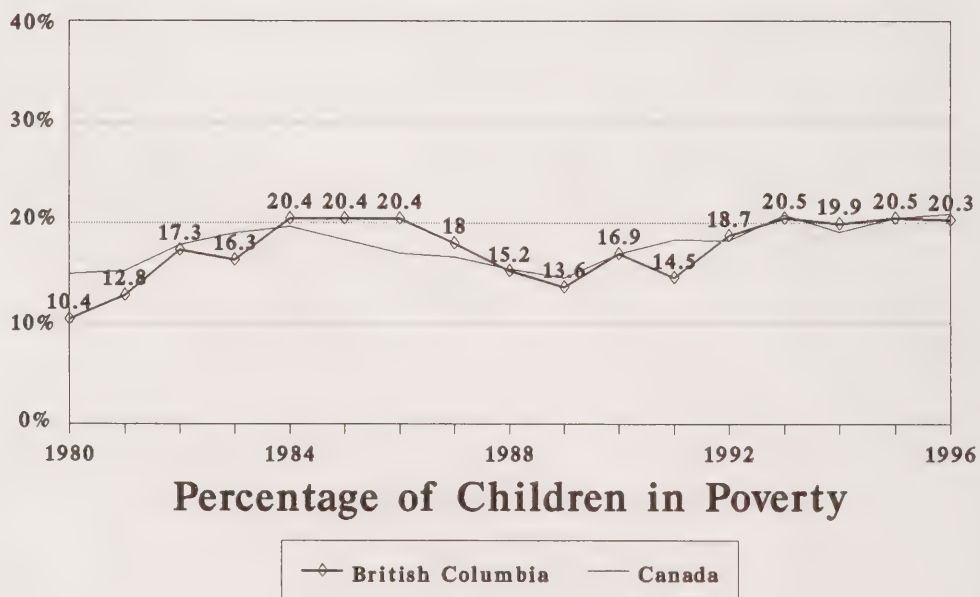


Graph AJ

Alberta



British Columbia



Graph AK

Women

As we showed earlier, women face a significantly higher risk of poverty than men. Table 17 on the next page gives the poverty rates for women and men age 18 and older for the years 1980 through 1996, and ratio of female to male poverty rates each year.

In 1980, the poverty rate for adult women was 18 percent, the rate for adult men was 12.7 percent, and the rate for women was 1.42 times the rate for men. In 1996, the poverty rate for women was 18.8 percent, the rate for men was 14.1 percent and the ratio between the sexes was 1.33.

The year-to-year poverty rates for women and men tend to follow the ups and downs in the economy. The gap between the sexes appears to narrow slightly in tough economic times, but the changes in the ratio are small.

Most of the differences between the sexes can be explained by the high poverty rates of three family types: unattached women under 65, unattached women 65 and older, and single-parent mothers under 65 with children under 18. The 1996 poverty rate for unattached women under 65 was 39.5 percent, compared to 32.4 percent for unattached men under 65. For unattached seniors, the poverty rates were 45.4 percent for women and 29.3 percent for men. Single-parent families led by women with children under 18 had a poverty rate of 61.4 percent in 1996, a rate many times higher than the rates for married couples.

Aside from these three high-risk groups of women, there were no significant differences in the poverty rates for adult women and men. The vast majority of families are husband-wife families, and the poverty rates for husbands and wives are identical in all these cases.

TABLE 17

TRENDS IN POVERTY AMONG WOMEN AND MEN 18 AND OLDER

	Women		Men		Ratio of Female to Male Poverty Rates
	Poverty Rate	Number of Poor	Poverty Rate	Number of Poor	
1980	18.0%	1,565,000	12.7%	1,058,000	1.42
1981	17.8%	1,567,000	12.6%	1,063,000	1.40
1982	18.1%	1,624,000	13.6%	1,160,000	1.33
1983	20.1%	1,836,000	15.4%	1,334,000	1.30
1984	19.7%	1,817,000	14.9%	1,304,000	1.31
1985	18.8%	1,754,000	14.0%	1,240,000	1.34
1986	17.7%	1,677,000	13.4%	1,197,000	1.31
1987	17.4%	1,673,000	12.9%	1,176,000	1.34
1988	17.1%	1,664,000	11.7%	1,081,000	1.46
1989	15.5%	1,534,000	10.7%	1,001,000	1.45
1990	16.2%	1,622,000	11.3%	1,079,000	1.43
1991	17.3%	1,767,000	12.7%	1,234,000	1.36
1992	17.4%	1,804,000	13.1%	1,289,000	1.33
1993	18.5%	1,949,000	13.9%	1,398,000	1.33
1994	18.1%	2,011,000	13.4%	1,434,000	1.35
1995	18.2%	2,059,000	14.3%	1,556,000	1.27
1996	18.8%	2,143,000	14.1%	1,555,000	1.33

In younger husband and wife families, a fact that deserves special mention is the role women's earnings play in keeping their families out of poverty. Although women earn less on average than men and face many barriers to equal participation in the labour force, their contribution is essential in keeping family poverty rates down.

To get a better idea of the importance of the earnings of married women, we asked Statistics Canada to subtract the earnings of the wives from its 1996 income data on husband-wife families under age 65, and calculate hypothetical poverty rates for families with the wives' earnings removed. The results appear in Table 18.

<p>TABLE 18</p> <p>POVERTY RATES FOR HUSBAND-WIFE FAMILIES UNDER AGE 65, WITH AND WITHOUT THE EARNINGS OF WIVES, 1996</p>		
	Percentage of Families Who Were Poor in 1996	Percentage of Families Who Would Have Been Poor Without the Earnings of Wives
Newfoundland	12.9%	23.3%
Prince Edward Island	6.3%	15.6%
Nova Scotia	11.5%	23.6%
New Brunswick	10.0%	19.8%
Quebec	12.5%	25.5%
Ontario	9.7%	18.8%
Manitoba	10.1%	25.5%
Saskatchewan	10.3%	22.0%
Alberta	8.6%	19.9%
British Columbia	10.1%	20.6%
Canada	10.5%	21.4%

The actual 1996 poverty rate for all husband-wife families under age 65 was 10.5 percent, and a total of 608,000 families were living in poverty. If the earnings of wives were removed and everything else remained the same, the poverty rate would have jumped to 21.4 percent, and the number of families living in poverty would have more than doubled to 1,243,000.

The pattern was more or less the same across the country. If wives had stayed out of the paid labour force in 1996 and everything else had stayed the same, poverty rates and the number of poor families would have been much higher in all provinces.

Seniors

Table 19 on the next page gives the poverty rates for senior men and women in each province in 1980, 1995 and 1996, and the changes between 1980 and 1996. Over the years, the poverty rates for seniors have fallen dramatically. Although most of the rates for 1996 increased slightly from the previous year, poverty rates for seniors remain close to record low levels. For senior men in Alberta, the rate was the lowest since 1980.

The increases reported from 1995 to 1996 were presumably temporary reversals in the long-term downward trend in poverty rates among seniors.

In all provinces except Newfoundland, the long-term decline in poverty among senior men was sharper than the decline in poverty among senior women. And in all provinces, the 1996 poverty rates for men were well below the 1996 rates for women.

Between 1995 and 1996, poverty rates for senior men were down only in New Brunswick and Alberta. Poverty rates for senior women increased in all provinces except Ontario.

As in past years, the poverty rates among Quebec women and men 65 and older were strikingly higher than the rates in most other provinces. The main reason for the disparity seems to be that Quebec is the only large province that does not have a provincial income supplement for low-income seniors.

TABLE 19

POVERTY RATES FOR MEN AND WOMEN 65 AND OLDER BY PROVINCE

	Men				Women			
	1980	1995	1996	% Change 1980-1996	1980	1995	1996	% Change 1980-1996
Newfoundland	27.6	6.6	11.4	-59%	36.9	13.7	14.5	-61%
Prince Edward Island	33.7	5.6	8.0	-76%	52.7	14.8	15.1	-71%
Nova Scotia	22.8	5.3	8.2	-64%	31.5	15.7	21.3	-32%
New Brunswick	22.1	8.8	6.5	-71%	34.2	14.0	16.6	-51%
Quebec	33.7	15.4	20.2	-40%	46.2	32.5	37.4	-19%
Ontario	24.0	8.9	10.7	-55%	34.3	19.7	18.5	-46%
Manitoba	23.8	10.3	14.4	-39%	41.2	22.2	28.1	-32%
Saskatchewan	28.1	3.3	6.1	-78%	49.0	12.6	16.0	-67%
Alberta	25.2	7.5	7.2	-71%	38.8	15.3	17.7	-54%
British Columbia	29.6	10.1	10.4	-65%	32.7	20.4	21.4	-35%
Canada	27.3	10.2	12.4	-55%	38.4	22.1	23.9	-38%

CONCLUSION

The United Nations proclaimed 1996 the International Year for the Eradication of Poverty. Although the National Council of Welfare knew that poverty could not be wiped out in a single year, we had hoped that poverty might at least be reduced in 1996.

Five years after the 1990-1991 recession, it seemed reasonable to expect that poor people would share in the return to prosperity. Instead, we found the poverty rate had inched up every year. In the depths of the recession, the rates were 14.6 percent in 1990 and 16 percent in 1991. By 1996, the poverty rate was up to 17.6 percent, and child poverty had reached a 17-year peak. These upward trends during a period of prosperity are extremely alarming.

Several developments in social policy leave the Council very concerned about Canada's commitment to fighting poverty. For 30 years, the federal government shared the costs of welfare with the provinces and territories under the terms of the Canada Assistance Plan. On April 1, 1996, CAP was replaced by the Canada Health and Social Transfer. The federal government's support for welfare, social services, medicare and post-secondary education dropped from \$29.7 billion in the 1995-1996 fiscal year to \$26.9 billion in the 1996-1997 fiscal year. Welfare, the program that supports the poorest of the poor, was particularly hard hit by the change. The Canada Assistance Plan required provinces and territories to provide welfare to all people determined to be "in need," to have an appeals procedure and it prevented provinces and territories from imposing residence requirements on people applying for welfare. Under CHST, only the ban on residence requirements remained.

Even before the cuts to transfer payments, many provincial and territorial governments reduced their welfare programs, often in concert with other deficit-reduction measures. As a result, the incomes of most welfare recipients in Canada were reduced, sometimes dramatically. Cuts to the eligibility requirements and the benefit rates of unemployment insurance also targeted people who were already down on their luck.

Although Canada has failed to eradicate poverty in 1996, another important target date is approaching quickly. In 1989, the House of Commons resolved to eliminate child poverty by 2000. Now that the deficit has been eliminated, the government is in a position to support the programs and policies that will ensure that Canada can live up to its commitment to children and their families.

Eliminating child poverty will require a combined effort by the federal, provincial and territorial governments. Only a mix of good welfare and other income support programs and broad efforts to reduce the unemployment rate and strengthen the labour market can ensure that families with children have the opportunity to rise out of poverty.

FOOTNOTES

1. Statistics Canada, Income Distributions by Size in Canada, 1996 (Catalogue No. 13-207-XPB).
2. See the Economic Council of Canada publication The New Face of Poverty: Income Security Needs of Canadian Families.
3. The methodology used to set the 1992 base low income cut-offs is the same. However, the 1992 survey data estimated average expenditures on food, shelter and clothing at 34.7 percent of total income, so it was assumed that low-income people would spend 54.7 percent or more of their incomes on necessities.
4. Some of the information for Graph A comes from Chapter 2 of The Canadian Fact Book on Poverty - 1994 by David P. Ross, E. Richard Shillington and Clarence Lochhead, published by the Canadian Council on Social Development, and the 1996 edition of Poverty in Canada written by Christopher A. Sarlo and published by the Fraser Institute. Some of the poverty lines were originally calculated for earlier years and were updated by the CCSD or the National Council of Welfare.
5. The income ranges were taken from Table 5 of Welfare Incomes 1996. They are made up of provincial welfare and other provincial benefits. The ranges do not include welfare and related benefits in Yukon or the Northwest Territories.
6. Payments in Alberta varied with the age of the child, and payments in Quebec varied with the age of the child and the number of children in a family.
7. For a very strict definition of the term, see The Canadian Fact Book on Poverty - 1994, p. 75. For a very loose definition, see the study commissioned by the Canadian Advisory Council on the Status of Women entitled Women and Labour Market Poverty by Morley Gunderson and Leon Muszynski with Jennifer Keck, pp. 57-61.

APPENDIX A

STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1997

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	16,320	14,335	14,004	12,766	11,110
2	22,121	19,432	18,982	17,302	15,062
3	28,119	24,700	24,128	21,994	19,143
4	32,377	28,434	27,780	25,325	22,040
5	35,373	31,068	30,351	27,668	24,082
6	38,397	33,721	32,944	30,031	26,140
7+	41,297	36,273	35,435	32,303	28,115

**NATIONAL COUNCIL OF WELFARE ESTIMATES OF
STATISTICS CANADA'S LOW INCOME CUT-OFFS (1986 BASE) FOR 1998***

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	16,565	14,550	14,214	12,957	11,277
2	22,453	19,723	19,267	17,562	15,288
3	28,541	25,071	24,490	22,324	19,430
4	32,863	28,861	28,197	25,705	22,371
5	35,904	31,534	30,806	28,083	24,443
6	38,973	34,227	33,438	30,481	26,532
7+	41,916	36,817	35,967	32,788	28,537

* Based on estimate of 1.6 percent inflation in 1998.

APPENDIX B

REGIONAL POVERTY STATISTICS, 1996

	Atlantic		Quebec		Ontario		West	
	Number of Poor	Poverty Rate	Number of Poor	Poverty Rate	Number of Poor	Poverty Rate	Number of Poor	Poverty Rate
Single-Parent Mothers under 65 With Children under 18	34,000	66.3%	104,000	60.5%	129,000	59.9%	113,000	62.7%
Unattached Women under 65	28,000	41.3%	145,000	43.8%	128,000	34.1%	155,000	40.7%
Unattached Men under 65	34,000	35.0%	177,000	37.6%	169,000	34.1%	155,000	27.7%
Unattached Women 65 and Older	24,000	37.0%	152,000	62.4%	104,000	36.8%	95,000	40.5%
Unattached Men 65 and Older	4,000	19.2%	38,000	41.0%	26,000	25.8%	22,000	23.8%
Couples under 65 With Children under 18	31,000	11.8%	102,000	13.5%	137,000	11.5%	100,000	11.0%
Childless Couples under 65	19,000	12.7%	72,000	13.7%	59,000	8.5%	50,000	8.7%
Couples 65 and Older	4,000	5.4%	30,000	15.4%	29,000	8.3%	15,000	5.2%

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NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included past and present welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including: income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

On peut se procurer des exemplaires en français de toutes les publications du Conseil national du bien-être social, en s'adressant au Conseil national du bien-être social, 2^e étage, 1010 rue Somerset ouest, Ottawa K1A 0J9.



